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الوقت، السبت

BEARINGS
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NEWS SUMMARY

Cambodian piracy—U.S.

A CAMBODIAN naval vessel seized a U.S. merchant ship, and forced it to the port of Kompong Som, formerly Sihanoukville. The White House said yesterday President Ford called the seizure an act of piracy and demanded the immediate release of the ship otherwise there would be the "most serious consequences."

Pentagon sources said U.S. security interests. This was used as a pretext for the seizure. The President was told of the seizure at 11 a.m. on Monday. The White House said the ship was seized at 11 a.m. on Monday. The White House said the ship was seized at 11 a.m. on Monday.

The ship was reported to have been fired on and boarded by Cambodian armed forces from a Cambodian naval vessel.

Unarmed

The ship — identified as the *Mayaguez* — with a crew of 39 U.S. marines, is described as an unarmed merchant vessel, believed to have been sailing from Hong Kong to Thailand.

The ship's radio reported the seizure in the Gulf of Thailand about 60 miles off the Cambodian coast, but has since stopped transmitting, the White House said. It occurred eight miles off a small island claimed by both Cambodia and Vietnam.

In 1965 U.S. naval ships were fired on in the Gulf of Tonkin. President Johnson requested permission from Congress to "take all necessary steps" in South East Asia to defend U.S.

Blast report published

Some degree of responsibility for the Birmingham disaster, in which 24 people died, must be accepted by Nyrco ILE, says a court of inquiry report. Director of the Health and Safety Executive Mr. John Locke commented that if current legislation had been in force at the time of the blast, the company would have been prosecuted. Back Page and Page 14.

State chairmen get together

Chairman of the nationalised industries, worried about growing Government intervention, have set up an organisation to represent their interests. The new body is to ask for an early meeting with either Mr. Wilson or Mr. Healey. Back Page.

Industry Bill talks go on

Guillotine motion on the Industry Bill debate was passed by 290 votes to 266 last night. Mr. Wedgwood Benn promised that the Government would hold further talks with the CBI and the TUC and "if necessary" amend the Bill. Back Page.

Candidature

Machinery for selecting a candidate to replace Mr. John Stonehouse, Labour MP for Walsall North, was set in motion by Transport House yesterday.

Entente

France and China have agreed to hold regular meetings of Foreign Ministers; it was announced yesterday in Paris at the beginning of a six-day visit by Chinese Deputy Premier Teng Hsiao-Ping. Page 6.

Briefly

London Transport fares are to go up 25 per cent on 15 November and by a further 20 per cent next June. Page 9.
Dr. Helmut Kohl has been chosen by West Germany's Christian Democrats to lead the Opposition in next year's general elections. Page 3.
Spain beat Britain 3-2 in the European zone Davis Cup quarterfinals in Barcelona.

CHIEF PRICE CHANGES

(Prices in pence unless otherwise indicated.)

RISES:	FALLS:
Assoc. P. Cement 158 + 7	ICI 257 + 4
Baco-Walk 107 + 5	Metal Box 292 + 20
Bates (E.) 73 + 5	Norwest Exp. 261 + 31
Beecham 238 + 10	P. & O. Oil 107 + 5
BICC 128 + 12	Reckitt & Coleman 216 + 13
Bowater 154 + 5	Reed Int. 292 + 12
BATS 522 + 7	Reo-Turform "A" 330 + 30
Brit. & Commonwh 180 + 8	Rotork 37 + 7
BSA 136 + 6	Tate & Lyle 275 + 8
Commercial Union 177 + 5	Tunnel Cement "B" 129 + 6
Dalgety 251 + 11	Unilever 578 + 10
Decca "A" 280 + 12	Wood Hall Tpt. 90 + 11
DRG 127 + 7	BP 454 + 21
English Property 843 + 44	Charter Cons. 209 + 10
Fisons 390 + 10	De Beers Ltd. 297 + 13
Fosco Mining 350 + 10	London Tls 183 + 9
Glaxo 280 + 10	Nature & Exp. 335 + 20
Hambros Bank 142 + 7	St. Helens 3241 + 3
	Tanganyika Cons. 96 + 8

FALLS:
Electric Alpc 1974-75 271 - 1
Treasury 12pc 1975 287 - 1

(FT stock indices and FT futures summary Page 25)

Pound falls again as prices go higher

By MICHAEL BLANDEN

THE pound fell again to new lows yesterday as pressure continued in exchange markets despite the week-end efforts by Mr. Wilson to provide reassurance over the economic and political condition of the U.K.

Sterling lost another 0.6 per cent, on average, with its depreciation against other leading currencies from December, 1971, levels ending at 25 per cent. It touched new low points against several European currencies, including the D-mark, the Swiss franc and the recently very strong French franc. Against the dollar it closed at \$2.2685 for a fall of 1.95 cents from Friday's close, but in late dealings in New York the rate ended later at \$2.3085.

Bank of England intervention was again required to steady the rate. But as through most of the recent decline in the value of sterling, the authorities did not seem to have supported the pound on a large scale.

The support given was enough, with the help of some buying orders from the Continent, to hold the rate fairly level during the afternoon after the early sharp drop.

In the House of Commons, Conservative attempts to mount an emergency debate on the state of the pound and to get a statement from Mr. Denis Healey, Chancellor of the Exchequer, were rejected by the Speaker. From Basle, where the Governor of the Bank of England, Mr. Gordon Richardson, is attending the monthly meeting of central

bank governors, the impression came that there was no likelihood of mounting a major concerted rescue operation for sterling.

The meeting is expected to discuss the present concern over the condition of sterling, as well as the move by France to rejoin the European currency "snake."

Industrial output and retail sales fell in March, while the strong upward pressure on the cost of living exerted by rising wholesale prices has continued. The April wholesale price index shows that manufacturers' output prices, the prices at which they sell to the retail trade, which will work their way through to the cost of living later, were running around 24.3 per cent. higher than a year earlier.

Input prices, helped by lower commodity prices, have been rising only slowly. The figures thus indicate that domestic inflation, mainly as a result of higher wages, has taken over from imported price pressure as the main problem.

This underlines the reason for Mr. Healey's warnings that the pound would suffer if Britain continued with a higher rate of inflation than other countries. Mr. Wilson again commented at the week-end on the need to live within the country's means.

Mrs. Shirley Williams, Prices Secretary yesterday, spoke the point up by telling the General Federation of Trade Unions conference in the Isle of Man that if Britain continued to pay itself more than it earned, the Welfare State was likely to be the major victim.

The price figures published by the Department of Industry suggest a slight slackening of the recent underlying upward trend. In April, the provisional price index of home sales of manufactured goods rose by 13 per cent.

The further fall in sterling, which has brought it down by around 3 per cent, since last month's Budget, came as new figures highlighted the level of inflation in the U.K. economy. One of the main worries of the exchange market and regarded as a prime cause of the pound's weakness—and the continuing stagnation of the economy.

WHOLESALE PRICES

	1970=100	Output prices (home sales)	Material prices
1972	114.8	109.2	
1973	123.2	144.5	
1973 3rd	124.2	150.9	
4th	129.1	167.4	
1974 1st	138.3	212.5	
2nd	148.9	212.9	
3rd	156.1	212.9	
4th	164.9	222.1	
1974 Oct.	162.2	220.1	
Nov.	164.8	223.8	
Dec.	167.6	227.5	
1975 1st	176.0	220.9	
Jan.	173.0	222.1	
Feb.	175.9	218.8	
Mar.	179.0	221.8	
Apr.	182.0	223.0	

* provisional

TUC paper proposes tighter social contract guidelines

By JOHN WYLES, LABOUR REPORTER

PROPOSALS that the TUC should create more formalised machinery to secure greater union adherence to the social contract's pay guidelines are set out in a draft policy document to be discussed by the TUC's economic committee to-morrow.

The document, drawn up by the headquarters staff, stresses the need for a greater sense of union commitment to the contract and specifically urges changing the guidelines to prevent special case pay settlements being cited by other groups of workers as a basis for demands for comparable rises.

The proposals chart the first possible steps which the TUC's economic committee could take towards producing a remodelled version of the guidelines for adoption at the annual congress in September. In the meantime, the economic committee may urge the TUC general council to issue another appeal for closer observation of the guidelines by those groups bringing up the year of the annual pay bargaining round.

With major unions such as the railway men and the steelworkers

claiming rises in the region of 30 per cent, when the guidelines should generally produce increases of a little over 20 per cent, senior TUC leaders are likely to agree with the document's judgment that the unions have not done enough to protect "the real meaning of the social contract."

For the future, the document suggests the need for more systematic procedures for operating the guidelines. These could include a more formalised procedure for discussing pay demands with individual union leaders as opposed to the informal methods used over the past year.

Apert from wanting to limit the spin-off effects of special case pay settlements, the document also counsels caution in changing the TUC's minimum pay target, currently £30. It points to the risks of unions using the low pay targets as a basis for claiming higher percentage claims for other workers. Local government gas and water supply workers have all used this tactic over the past year.

The draft document says that now that Stage Three threshold

payments are largely at an end, and providing that future pay rises can be limited to only matching cost of living increases, total average increases in pay could be reduced to around 15 per cent by the end of this year or early next year.

An analysis of the Budget has also been set out for economic committee members. It says that the Chancellor's measures could have "unfortunate effects" for the operation of the guidelines because of their impact on unemployment and the cost of living. These points are likely to be made at a meeting between the TUC and the Chancellor which is due shortly.

The Prime Minister's proposals made at the week-end for pre-Budget conferences with both sides of industry may also be raised to-morrow. But the TUC is likely to wait for an initiative from the Government before considering the plan in detail.

Meanwhile, the latest consultations between the TUC and the Government centred yesterday on the next possible moves on the industrial front. The Government is expected to announce

a commission of inquiry into industrial democracy shortly following a meeting yesterday between the Prime Minister, Mr. Michael Foot, the Employment Secretary, and Mr. Peter Shore, the Trade Secretary and Mr. Len Murray, TUC general secretary, and Mr. Jack Jones of the Transport Workers.

£ in New York

	May 12	Previous
Spot	\$2,300.3010	\$2,300.3000
1 month	1.75-1.76 ds	1.75-1.76 ds
3 months	4.15-4.16 ds	3.20-3.21 ds
12 months	15.60-15.50 ds	13.10-12.90 ds

Car workers vote to stay out

By PETER CARTWRIGHT, MIDLANDS CORRESPONDENT

CHRYSLER and British Leyland both face widespread production losses and escalating lay-offs as the result of key meetings yesterday which decided that two major pay disputes should go on.

Chrysler's shop stewards at the Stoke Newington branch voted overwhelmingly to continue their pay strike. This was in spite of a warning that the company is continuing to lose money at the rate of nearly £10m. a year and that 6,000 workers will start to be laid off on Thursday.

And 700 staff at Daimler Engineering, on the other side of Coventry, voted their pay strike into a fourth week. An improved management offer was totally rejected.

The only hope of resolving the dispute—which has made nearly 13,000 British Leyland workers idle for lack of suspension components—rests on the outcome of talks at the local engineering employers' association, which opened yesterday afternoon and later adjourned until to-day.

Altogether, nearly 20,000 car workers in the Midlands, on Merseyside and in Scotland, are directly or indirectly involved in

the strikes, of whom nearly 20,000 are already either on strike or laid off.

The most immediately serious situation is at Chrysler. Besides losing all car output, Chrysler would also risk losing a big contract with Iran. When full-time officers of the transport and engineering unions reported on Saturday's abortive meeting with management, only 16 of the 120 stewards voted to call off the strike.

Afterwards, Mr. Frank Chatter, divisional secretary of the engineering union, said: "I don't subscribe to the view expressed by some stewards that if the company cannot pay £8 it might as well close. That is completely foreign to my thinking. What we have to do is to try to keep the plants open. We cannot accept the possibility of the loss of 4,500 jobs. The outlook is very disturbing."

As is usual in strike situations, the company had made a resumption of work a condition of entering into pay negotiations. It promised to make an offer by May 23.

But the stewards remained adamant yesterday in their demand for £8 to be put on the table, payable from July 1, the starting date of the next pay deal, with a warning that they would then start negotiating for the full £15 they want.

Chrysler's offer is linked with a plan to introduce profit-sharing and worker participation, talks on which it hopes to begin before May 23. The stewards are very much interested in this proposal, but have ruled out its relevance to the pay dispute and so for the time being are ignoring it.

The Dunlop Engineering staff are claiming an extra £10 a week. Of the 700, some 500 are women, in the latest offer, would stand to net an extra £7, raising their basic pay to £37.49 at the bottom, to £42.08 at the top. The men have been offered an extra £7.25 to £8.51 to bring their range up to £41 to £51.50.

Yesterday, the number of British Leyland workers idle as a result of the Dunlop dispute rose to almost 15,000, when 1,700 manual workers at the two Triumph plants on Merseyside were laid off indefinitely.

Editorial comment, Page 16

French quit European computer link

By GILES MERRITT PARIS, May 12.

FRANCE to-day opted out of the United States European partnership set up less than two years ago, with Holland's Philips and Siemens of West Germany.

Instead, France's lone and ailing computer maker, CII, is to merge with Honeywell Bull, the French-based company controlled by the U.S. Honeywell group.

The new computer group will be majority-owned by French interests and the French State and, with a combined yearly turnover of Frs.3,500m., will be Europe's new No. 1 manufacturer with a 10 per cent share of the world market.

First indications that the French Government had finally reached a decision on the future of CII after months of wrangling at Cabinet level over the respective merits of remaining the partner in Unidata or coming within the ambit of the U.S. computer industry, came this morning with the suspension of trading in the shares of Honeywell Bull.

This afternoon, a communique from the Industry Ministry confirmed that CII and Honeywell Bull were to be merged under a deal in which 19 per cent of Honeywell Bull's equity would be sold jointly to the French State and Compagnie Generale d'Electricite for \$53m.

As 34 per cent of the U.S. subsidiary's shares are already in French hands, in that they belong to Cie des Machines Bull, the French will own 53 per cent of the new CII-Honeywell Bull and the American partners, Honeywell Information Systems, 47 per cent.

The decision to create a Franco-American computer company, which at the very least runs the risk of being submerged by U.S. technology, is certain to trigger a lively political row here. M. Jacques Chirac, the French Prime Minister, pushed by his UDR Party's own ardour, Gaullists, has opposed the merger and M. Jean Sauvagnargues, Foreign Minister, is reported to have stressed the damage it might do to future prospects for European co-operation.

Not least among the dissenters has been M. Michel Barre, the CII's own president. M. Michele d'Ornano, Industry Minister, did not bother to disguise at a Press conference to-day the likelihood that M. Barre's resignation would soon be on his desk. He emphasised, though, that the president of the new company would be a Frenchman.

While he urbanely spelled out the advantages of the merger, M. Barre was less positive on the cost of the operation to the French taxpayer. He said that State aid for CII-Honeywell Bull would be detailed in a new four-

year "plan Calcul." France's third to date.

Industry experts, however, estimated that Frs.1.2bn. would be needed between now and the end of 1978 and the French Government would also be required to guarantee orders amounting to Frs.3.7bn. during that period.

The bill will also be swelled by the compensation payments that Siemens and Philips will certainly demand, possibly as much as Frs.2.5bn.

M. d'Ornano was blandly reassuring this afternoon on the future of Unidata. Even if the partnership was no longer formal, CII-Honeywell Bull's European co-operation would in future concentrate first on the Unidata partners, he said.

The need to bail out CII, whose first quarter orders this year were only Frs.75m., against a total 1975 target of Frs.750m., has not been in question here and the Government has taken the line that only a major computer maker with at least 10 per cent of world sales is viable enough to justify subsidies and guaranteed orders.

The instinctive French fear remains that yet another industry is basically controlled by foreign boardrooms.

The terms of the merger can only partly reassure these critics. Although the French State is to hold 34 per cent of France's 53 per cent stake in the company, as a blocking minority, and Honeywell can sell its 47 per cent, only to France, the structure of the new group is already causing concern.

CII-Honeywell Bull will consist of two parallel companies, with the same capital and management. The first will be responsible for manufacturing, which the French insist will mean the continued production of both partners' ranges, and the second will control sales and marketing.

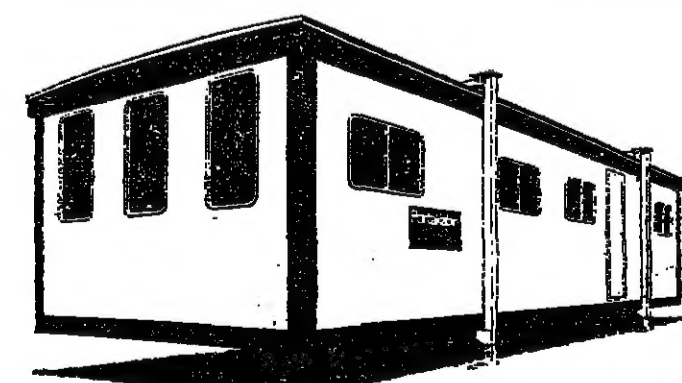
The latter organisation will be based outside France, but in Europe.

Ted Schoeters writes: The new agreement with the French Government will not affect Honeywell operations in Britain for the foreseeable future, according to Mr. Steve Jerrits, head of the Honeywell U.K. group.

The French deal is bound to put fresh strains on the budding European collaboration in data processing for two reasons.

One is that the Honeywell-French Government pact has been made generally to combat the overwhelming influence of IBM. The other is that the European Commission has made it clear that the allocation of French taxpayer. He said that State aid for CII-Honeywell Bull confrontation with IBM. There is a clear divergence of views.

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**CINEMAS ARE CONTINUED
ON PAGE 9**

A Certain Vincent

by B. A. YOUNG

The stage is bare but for a more exciting words to deliver. simple table and stool under a for is cannot be denied that for spot and a wicker hamper in the all the gaiety of their expression dark upstage. Jules Croiset the thoughts of the young begins at the table; he is the Vincent are pretty ordinary. young Vincent van Gogh am- He describes first his evan- bitious for a career in the gelical efforts among the Belgian Evangelical Church, a career coal-miners after a pit explosion, which, as we can see when he but when his mission has been gives us a sample sermon (on the moves to a similar state of life, deniaus). Mr. Croiset's nervous hesitancy in turn gives way to a more in this scene is not part of his rewarding encounter with a woman of easy virtue who has clearly a talented and likeable actor, though his English is far- the able and sometimes leads to incomprehensibility. He has a mobile face and a sympathetic voice; his gestures, both vocal and physical, are restrained and exact, and he transmits the feel- ing of the letters of van Gogh to his elder brother Theo with attractive sympathy.

The letters have been trans- lated from the Dutch by Mr. Croiset and Barrie Keefe, and Mr. Keefe is the director of this English version of Mr. Croiset's one-man show. The production is restless, Mr. Croiset a dumpy, bearded figure in a tight jacket and an open white shirt, stumps from one pool of light to another without adding significantly to the projection of his material. En- colly Williams can do Dickens without moving from his lectern; but then Enolly Williams has youth.

Rowan

Martin Naylor

by WILLIAM FEAVER

The stage is set, in Martin Naylor's show at the Rowan, with plot and action confined to the scenery. Six flats, in the theatri- cal sense, extend from the walls towards the centre of the floor, slicing the gallery into compart- ments. One of them, at the far end, is painted black, but you don't see this at first, only the width of the narrow wooden sheet and the shadow it casts to one side. The rest are far more obtrusive, lined up and vying for attention: a series of hybrids, painted, drawn upon, compli- cated with accumulations of bits and pieces.

The first grand coup de theatre impression gives way to curiosity about these sprouting clusters which almost all appear on the outside of each flat. They spurt each other off one after another, and are reiterated in the drawings downstairs. Passing them by, noticing from the cor- ner of one's eye the way the profiles shift and alter, the whole assembly fits together nicely and raises further associations.

There is, as usual in Naylor's work, a deceptively makeshift air as though the detailing had simply come about doodle- fashion. He likes the idea of producing surfaces, with a history to them, scrawled, etched and dabbed, every marking a reminder. I have seen sometimes felt that these pro-

V & A

The magic of Chinese jade

by DENYS SUTTON, Editor of Apollo

The appreciation and study of Chinese art have enjoyed a long tradition in this country and we have been fortunate to produce many excellent con- noisseurs and collectors, the latter, however, a dying breed. The skill and enterprise of our scholars are revealed in the splendid and important exhibi- tion of Chinese jade which is on view at the Victoria and Albert Museum, until June 22. It has been organised by the Oriental Ceramic Society and the Arts Council.

The exhibition is of inter- national significance and con- tains many foreign loans, includ- ing a strong contingent from the U.S., a country which boasts notable collections and experts. The occasion has been marked by the publication of a fine catalogue, written by Jessica Rawson and John Ayers. It is easy to read, most informative and free of jargon.

In the preface, Basil Gray, the chairman of the exhibition com- mittee, points out that the recent archaeological discoveries in China have rendered possible a reassessment of some of the problems connected with jade. As a result, more is known than hitherto about the role of jade in Chinese art and the show will afford a major contribution to an exact and difficult form of scholarship.

Jade, it should be recalled, occupies a position in Chinese culture analogous to that of gold or precious stones, such as diamonds and rubies, in other- lands. Knowledge of archaic art is of relatively recent date. It was only in 1928 that the excavations at Anyang confirmed the exist- ence of Shang civilisation which dates from the 15th century BC.

The span of time covered in this show is immense: it runs from the nonlithic age to the end of the Ching dynasty in 1912. Many may find that the early sections of the show — those devoted to the Shang and Chou dynasties — are the most visually exciting. The jades from these periods were used for symbolic and burial pur- poses but the questions relating to their function and dating con- tinue to arouse debate.

However, there is no reason for the visitor to be put off by such considerations. Obviously, knowledge about the historical and stylistic background to early jade is as indeed to other aspects of Chinese art, is con- ductive to a greater appreciation, but the exquisite beauty of so many objects speaks for itself. There are, for instance, the pi- discs with a central hole of ridges of jade — which win the attention on account of the simplicity and elegance of the form created.

The formal qualities of Chinese archaic art understand-

ably attracted such connoisseurs as Roger Fry, to whom "pure" form was an article of aesthetic faith. What is striking about the artists of the Shang and Chou periods is their gift for making

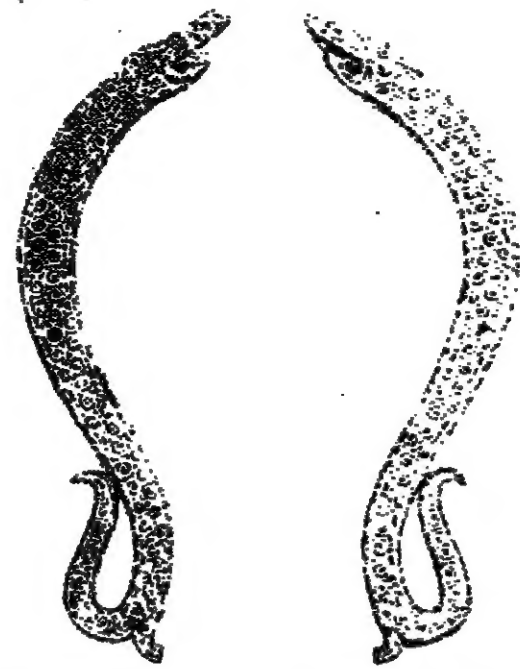
almost invariably on the sugges- tion of inner force. The chimeras, bears and other animals made during these periods are often the masterpieces in their genre. Nor is the impression of strength

catalogue that "A certain air of contentment is apparent" in the figures of the Sung dynasty (960-1279). This mood is admirably conveyed in the delightful somnolent buffalo from the Avery Bundage collec- tion, San Francisco Museum, or the tiger from the Victoria and Albert Museum. The latter is reminiscent of Han art but lacks the force typical of the earlier period. The Sung jade pots recall their ceramic counterparts and possess the same elegant characteristics.

One intriguing feature of the exhibition is the light it sheds on the emergence of an archaic trend in the Sung and early Ming (1368-1644) periods. This resulted from the antiquarian interest which affected the scholar class and the Court. This section suggests that an exciting and novel exhibition might be devoted to the theme of archaism in general. This tendency has re- sulted in various times, for in- stance, in classical art, in the eighteenth century, when a painter such as Locatelli worked in the style of Gaspard Dughet, and with Picasso of the 20s.

The exhibition provides excel- lent coverage of the later pieces, even though the artistic quality may not be felt to be so high as in that of the earlier ones. However, contemporary appreciation of certain aspects of late 19th-century art permits a juster view of the later pieces, and some of the naturalistic objects of the 17th and 18th cen- turies suggest themselves as sources for Art Nouveau. This is perhaps evident in the astonishing Lotus Vase (from the Fitzwilliam Museum, Cam- bridge), which would surely have appealed to Rodin.

The Chinese love of rocky, mountainous landscapes, with their poetical atmosphere, often features in their painting. This show includes four 18th century jade mountains, in two of which T'aoist figures may be observed. Although these lack the incisive form of the archaic objects, they have strong imaginative appeal. This remarkable exhibition, which is well presented, deserves considerable support: the public will never again have the chance of seeing such a marvellous array of Chinese jade.



A pair of dragon pendants (opaque grey-green jade)

objects in which the shape of animals — bears, buffaloes, stags, owls, dragons, etc. — are rendered with such directness. They were also able to portray the human form with perception.

The relation between form and decoration is an intriguing subject. The ability to blend the two is shown, for instance, in the pair of Eastern Chou dragons (belonging to Dr. and Mrs. Cheng Te-Kun), illustrated on this page: the result is the provision of aesthetic pleasure on two levels — the snake-like movement of the dragons is en- riched by the interplay of the decoration. Such decoration also recalls that found on contem- porary bronzes — an art form in which the early Chinese were singularly adept.

But jade not only appeals on account of its form or decoration; there is the contribution of colour and the shades in many pieces are subtle and refined. The eye, in fact, is continually delighted by the combination of these three features.

During the Han and Tang dynasties (1st to 10th centuries A.D.), a progression from the flat simplicity of the early pieces to a more rounded form was made. But even then movement was con- fined within a relatively narrow range, so that the emphasis is

watered down by the delicate rhythms that may be found on such pieces.

The variety of Chinese jade over the centuries is fascinating. One section, for instance, is devoted to personal ornaments, which are mainly from the Tang dynasty. Impressive and artistically satisfying is the set of nine belt plaques (from the British Museum), each of which represents a musician. One, however, also shows a dancer, whose sinuous form evokes the movement of the dance. Like many other pieces in the show, it suggests how the Chinese art was able to create a large-scale image on a small scale.

It is rightly pointed out in the

Four Cathedral Choirs at St. Paul's

The Festival of the Sons of the Clergy is celebrating its 321st Anniversary to-day, May 13. The Festival Service has been held in St. Paul's Cathedral each year almost without a break since 1655 and this year it should be a particularly splendid occasion for a special attempt is being made to revive the great musi- cal reputation it had in former years. With this in mind the

Cathedral Choir is being joined by the Choirs of St. Mary's Cathedral, Edinburgh, St. Patrick's Cathedral, Armagh and the Cathedral Church of St. Peter and St. Paul, Llandaff, all under the direction of Christopher Dearle, Organist and Master of the Choristers of St. Paul's Cathedral. The Arch- bishop of Canterbury will preach and the Lord Mayor of London will attend in state.

Spanish music

by RONALD CRICHTON

The Symphony Orchestra Too good (Turina was another of Spanish Radio-Television (Madrid) was founded ten years ago by Igor Markevitch. For last night's British debut the con- ductor was his successor, Enrique Garza Asensio, no stranger him- self to the Festival Hall. The concert was all-Spanish with two popular works and two virtuoso unknown ones. When was Turina's *Sinfonia sevillana* last heard in London? Have Guridi's *Ten Basque Songs* for orchestra ever been given here? The programme-book tirelessly unites even to list the movements.

Guridi was a Basque who studied in Paris with d'Indy and on his return to Spain became not only a distinguished organist but wrote operas, a famous zarzuela called *El Cid*, and much else besides. These (presumably) traditional Basque songs were unlike anything else heard last night, nearer in spirit to the *Aveugle de Barcelone* arranged by Cantelebe than to the music of Andalusia. They are brief, varied, too richly scored, but with such warmth of affection in the playing of the Madrid orchestra one could hardly be grudge that. There were the expected touches of life and labor, and a slow, sad lament for the suite which ought to bring the suite under recognition. Spanish musicians sometimes claim that Guridi's style is instantly recognisable. Would anyone say the same of Turina's *Sinfonia sevillana*, a triptych of a panoramic river scene, a festa, flows agreeably by, leaving next to nothing behind, produce.

Coliseum

Petrushka

by CLEMENT CRISP

It was reasonable to suppose that Valery Panov would show himself as a fine Petrushka: reports from Russia during the 60s had suggested that Fokine's puppet was a role in which he had won a great reputation, yet his appearance last night in Festival Ballet's production left little to be desired. The tone of a scarf to Petrushka's initial arrouse lay in his apparent costume and some brisk disreputable of the Fokine choreo- graphy. Though not so improb- able as the attribution of the programme as "after Fokine", Mr. Panov's choice of a marvellously suspect scene in the Petrushka's cell was more than puzzling.

Soviet presentations of the ballet have never benefited from any supervision by Fokine, while Festival's version by Nicholas Beriosoff is directly traceable (like the Royal Ballet staging) to a Ballets Russes original; yet Mr. Panov did not choose to enhance his interpretation with the authentic choreography. His playing further strayed from the recognised style by insisting upon a tense, nervous manner that could win them both places and a good deal of grinning in an Olympic pentathlon team.

Round House to Regent's Park

This year's season at the Open Round House while work on the Air Theatre, Regent's Park, will new Regent's Park auditorium is start with *The Tempest* of the completed. *The Dream* will go on Monday, June 23. A on a British Council tour of the Midsummer Night's Dream will Middle East, to the Roman Theatre in Amman, the Both plays will tour first. The Pyramids Theatre at Cairo, the Shrew will visit Aberdeen, Bury Summit Palace at Alexandria, St. Edmunds, Bath and Southsea, Rummoli Castle at Istanbul and then play three weeks at the Open Air Theatre at Corfu.

Modernising Magdalen

By H. A. N. BROCKMAN, Architecture Correspondent

A wholesale modernisation of Magdalen Bridge remains one of the bowels of the south eastern corner of historic Magdalen College, Oxford, is a daunting challenge. It provided the archi- tects Robert Maguire and Keith Murray with a problem that is constantly recurring to-day: how to bring an ancient interior up to date and even to build an exten- sion, without abusing the fabric or the atmosphere. Their designs won a com- petition for which there were 144 entries. As Kenneth Browne's illustration shows, the work to be done involves a key point in the which is negative and should be view to Magdalen Tower across removed is the modern extension of the scheme the architects obtained in front of the otherwise rather fine 18th century Gothic "The approach to Oxford over boundary wall. The gable and

St. John's, Smith Square

John Shirley-Quirk

by DOMINIC GILL

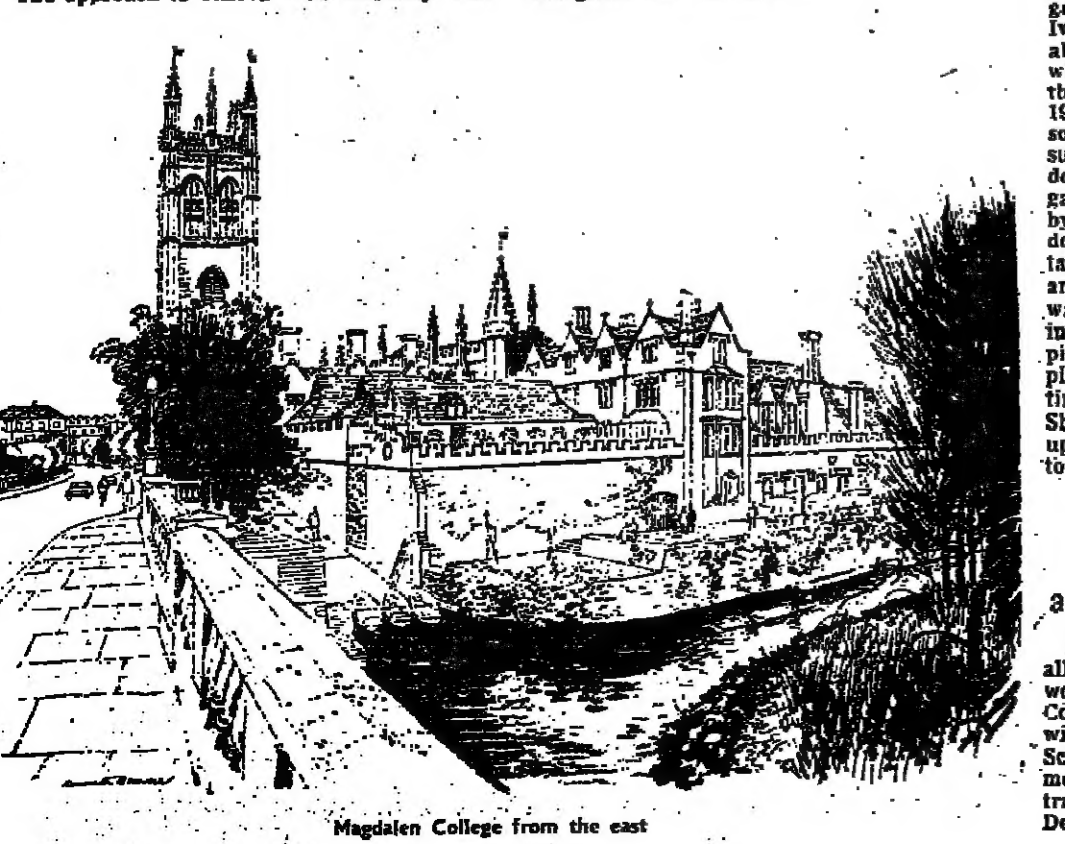
John Shirley-Quirk devoted the major part of his BBC lunch- time recital at St. John's yester- day afternoon, also broadcast on Radio 3, to Schumann's op. 24 *Liederkreis* — the cycle of Heine settings which dates from the early part of Schumann's

miraculous first lyrical year of 1840.

All of the eight *Liederkreis* songs are short, and three — the first, second and fourth — are no more than miniatures. But for their brevity and the spare, economical cast of their musical language, they contain many left and beautiful things which only a voice of the finest and subtlest infection can fully bring to life. At his best, Shirley-Quirk has such a voice. Once or twice there was heaviness of phrase, or a certain blankness of tone, which cut short a line, or blurred its delicate colour — but rarely. It was in the main a beautiful performance, sensitive and well timed, and a pretty fraction of the strange and most original (as well as justly the most famous) song of the cycle, "Ich wandelte unter den Bäumen," were nicely caught, and the singing chromatic cadences of the elaborate "Schöne Wiege," brought to rest paradoxically with a restless in- conclusive postlude, were very strongly shaped — splendid full tone and strong phrasing too in "Warte, warte." Anfangs will ich," a dark premonition of the *Alma Stuart Lieder*, was intoned to its choral accompaniment, powerfully close and clear.

Shirley-Quirk introduced the *Liederkreis* with two short groups of songs by Busoni and Ives — that oddly ineffectual album of five Goethe settings which Busoni composed during the six years before his death in 1924, songs agreeable enough, but somehow without centre. In- substantial, impossible to pin down: and six Ives ditties, gallant, humorous, wry and naïf by turn — these particularly well done, the tone stylishly main- tained half way between flippant and serious. The accompanist was Stuart Bedford, who unfail- ingly light and sensitive under- pinning was a valuable asset. A pity only — the rub of these lunch- time concerts — that just as Shirley-Quirk was fully warmed up he had to stop: I'd have liked to hear much more.

Berger scholarships at Royal College of Art Berger Paints will award annu- ally three travelling Scholarships worth £500 each at the Royal College of Art. They will go to winning graduates from the School of Painting and depart- ments of Printmaking and Illustration in the School of Graphic Design.



Magdalen College from the east

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WORLD TRADE NEWS

Mixed Australian trade pattern

BY MICHAEL SOUTHERN, AUSTRALIA EDITOR

SYDNEY, May 12.

IN MONETARY terms, Australia is enjoying the richest trade period in its history. Exports are running at peak values, with a total of \$45.4bn. (£3.1bn) for the eight months to February 28.

Recent statistics from Canberra, and a number of other factors, are beginning to make it clear, however, that this boom is one of inflated value for goods and not an actual improvement in volume exported.

At present, idle time payments to waterside workers in the permanent Australian ports are costing some \$A250,000 (£145,000) a week, an indication of the drop off in the level of activity as the ports employ 85 per cent of the waterside workforce.

The Australia/Europe Shipping Conference has predicted depressed trading conditions over the next six months both to, and from, the U.K. and continent.

According to the Conference, there is a drop of some 30 per cent, expected on last year's carryings. The meat market decline has resulted in Conference vessels carrying only 77,000 tonnes in 1974, against 219,000 tonnes in the previous year.

On the general cargo front, the conference there has also seen a considerable decline—sheepskins, for example, totalled 153,000 tonnes of cargo in 1974, and last year the total was down to 63,000 tonnes. Dried fruits fell from 41,000 tonnes to 10,000 tonnes in the same period.

"Overall," says the Conference, "general cargo to the U.K. and Continental destinations has fallen from 1.3m. tonnes to 1.1m. between September, 1972, and September, 1974, or 15 per cent. While new markets have been opened using Conference lines, the fact remains that the volumes are not meeting expectations."

Some of the more detailed trade figures released late last week, reveal the relationship between volume and value. The statistics compare the eight months to February 1975 with those to February 1974.

In the 38 principal items listed, there was a real rise in quantity in only 14. In the remaining 24, quantities dropped. In some instances, such as sugar, now the mainstay of rural exports, there is evidence that changing trade patterns may have brought about the lower tonnage figure.

Industry spokesmen feel that at the end of the full trading year sugar exports may well be higher in quantity than last year. Yet prices have more than doubled. Tonnages at February, 1974, was 1.6m., and at February, 1975, 1.1m.—values jumped from \$A10m. (£110m.), to \$A470m. (£46m.).

Wheat sales more than doubled to 4.8m. tonnes compared with 2.2m. tonnes. Prices more than doubled from \$A17m. (£10m.) to \$A63m. (£36m.). The volume of fruits dropped in volume and value, the latter to \$A4m. (£3.4m.) after \$A10m. (£8.7m.).

The wool industry, currently looking towards a steady growth

in price and volume exported, saw the volume of sales drop from 381m. kgs for 1974 to 339m. in the eight months to February, 1975. The price drop was even larger, from \$A837m. (£480m.) to \$A398m. (£194m.).

In general, exports of minerals and metals have shown improvements in both volume and prices. The areas of downturn in volume have been lead ore and concentrates which declined from 49m. tonnes to 31m. tonnes, and fell in value from \$A10m. (£5.73m.) to \$A9m. (£5.16m.).

Zinc ore and concentrates, from 304.00 tonnes to 291.00 tonnes but increasing in value from \$A30m. (£17.2m.) to \$A41m. (£23.5m.); pig iron and cast iron, down from 621,000 tonnes to 397,000 tonnes but again increasing in value from \$A43m. (£19m.) to \$A42m. (£24m.).

On the other hand, a new and stronger market for Australian iron ore in Europe has emerged—Belgian imports improved slightly from 1.1m. tonnes to 1.7m. tonnes. French imports increased from 798,000 tonnes to 1.1m. tonnes while Western Germany saw its imports of

the iron ore trade in the eight months to February, 1974, saw \$1bn. tonnes exported. This year the figure was \$5bn. tonnes. The value rose from \$A325bn. (£186m.) to \$A458bn. (£263m.). The major customer, Japan, took marginally less in tonnage terms—45.6m. tonnes against 49.9m. tonnes.

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Australian iron ore up from 1.3m. tonnes to 3.5m. tonnes. Other European exports also showed a firm upward trend in tonnages.

On the meat front, the four categories (beef, other bovine, sheep and lamb and offals) showed a decline in quantity from 497.5m. kgs to 345.4m. kgs. The drop in value was from \$A618m. (£354m.) to \$A288m. (£166m.).

Butter, milk and cheese exports, on the other hand, declined in quantity from 179m. kgs. to 135m. kgs, but monetary values rose by just under \$A10m. to \$A110.5m. (£63m.).

The volume of exports increased from 19m. tonnes to 21.6m. tonnes, yet the prices rose from \$A222m. (£127m.) to \$A420m. (£245m.).

It is because of such distortions that Australian Government is now making it clear, not only to the Japanese but to other buyers, that there will be continued government intervention in the price of raw materials from this country.

Further, the policy has clearly become one in which longer term contracts at stable prices with some parameters established for cost escalation are to be the pattern of the future.

Australian ministers made it clear to the Japanese recently that development of Australian resources and preservation of vital industries such as wool were matters that required vast capital expenditure, and as such, were too important to be left to the vagaries of wildly fluctuating world prices and the free enterprise system.

Canadian credit for Russia

By Victor Mackie

OTTAWA, May 12.

THE CANADIAN Government's Export Development Corporation will make available up to \$500m. in loans to assist Canadian exporters in selling capital goods, equipment and services to the USSR purchasing agencies. The

Industry Trade and Commerce Minister, Mr. Alastair Gillespie, announced the line of credit to Russia. He refused to disclose the interest that will be charged.

Canadian chartered banks will be invited to participate with the EDC in each loan to the USSR Bank for Foreign Trade. The agreement calls for a portion of the credit to be taken up within a year and the balance within two years.

Mr. V. S. Alkhimov, USSR Deputy Minister of Foreign Trade, was present here for the signing of the agreement. It provides for loans for transactions involving the purchase of high technology capital equipment and related services from Canadian suppliers.

The line of credit does not apply to grain purchases but to capital goods and equipment. "We have been happy to supply our grains and raw materials to the Soviet Union for so many years, but we are even more pleased that they now have recognised our capability to produce sophisticated machinery and equipment," Mr. Gillespie said.

Already contracts worth \$100m. have been signed with the USSR for valves, off-highway vehicles, compressors and log skidders.

Pakistan-Iran long-term agreements

BY IQBAL MIRZA

KARACHI, May 12.

PAKISTAN AND Iran have signed a long-term trade agreement and a separate transit trade agreement in order to expand trade between the two countries. The long-term trade pact is for five years and is renewable, replacing the 1982 one between Pakistan and Iran.

There is no provision for a fixed value or volume of goods to be traded. Officials said that was done to achieve flexibility and make the maximum possible exchanges instead of restricting trade by fixing ceilings or quantities.

Mr. Feridoun Mahdawi, the Iranian Commerce Minister, said the trade agreement aimed at exchanging the exportable surplus of the two countries.

There are no limits to our co-operation with Pakistan," he stated, adding that the two countries were looking forward to a bigger flow of trade and establishment of a large number of joint ventures.

Pakistan hopes to export more to Europe through Iran's land route, thereby obviating the problem of ever-increasing ocean freight rates which adversely affect both export and import prices.

China has won a big order to supply the bulk of the machinery and equipment for the two textile mills to be set up in Baluchistan as a Pakistan-Iran joint venture. The Chinese tender was found the lowest among a large number of offers received from international textile

machinery makers. Besides the Chinese, the other serious bidder were the Japanese and the Germans.

The mills will be at Uthal, in Las Bela district, and at Ballei, near Quetta, and have a capacity of 50,000 spindles each. They will be commissioned by the middle of 1977, and are estimated to cost Rs.670m. (£29m.), including a foreign exchange component of over Rs.480m. (£21m.) to be provided by Iran.

Besides China, an offer from a Pakistani textile machinery manufacturing concern in the public sector has also been accepted to supply some equipment to encourage local industry and save foreign exchange.

Some offers from Western countries, including the U.S., have also been accepted although the volume of equipment to be supplied by them will be much less than China will provide.

IN BRIEF

U.S. textile trade

U.S. Federal Trade Commission says changed conditions in the textile industry have prompted it to rescind the textile mill merger policy adopted in 1968. That provided, inter alia, for mergers to be barred if combined sales or assets exceeded \$300m. and those of the acquired volume of equipment to be proposed mergers will be scrutinised to ensure they are not anti-competitive.

ECGD support

ECGD has guaranteed a \$2m. Midland Bank loan arranged by Morgan Grenfell to Bank Handlowy w. Warszawa, Poland, to help finance a contract of Norton Abrasives to supply grinding wheel manufacturing plant equipment and "know-how."

Vinyl plant in Ireland

GAF Corporation, Philadelphia, U.S., plans a \$30m. sheet vinyl flooring plant in Ireland at Mullingar, Co. Westmeath, 50 miles west of Dublin. It will be operative about mid-1977, and will serve the EEC. The overall European market for sheet vinyl flooring is put at \$100m. a year.

Alfa Romeo prices

Alfa Romeo announced in Milan a 7 to 8 per cent domestic price increase, effective May 30, for cars other than the Alfameo models.

Export Contracts

BABCOCK & WILCOX will design and supply boiler plant worth \$3m. for the Busted Værket power station, Aabenraa, Denmark. BAKER PERKINS will make biscuit factory process equipment costing \$3.5m. for Algeria's national company controlling flour and flour confectionary production. Lloyd Bank will provide \$10m. finance for the whole project, with ECGD backing.

W. Europe links with China

By Reginald Dale, Common Market Correspondent

BRUSSELS, May 12.

WESTERN EUROPE should strengthen political, economic trade, scientific and cultural links with China—particularly now that Peking has just officially recognised the European Community. This was the outcome of a three-day conference organised by the European Movement on the Europe-China Association that ended at Montreux yesterday.

A declaration said every effort should be made to give the Chinese extensive information on the development of the EEC and the structure of the European economy.

It should also be made abundantly clear inside Europe that Peking's strong support for European integration is "springing from the belief that Europe can overcome its internal conflict, lessen its dependence on U.S. super-powers, increase its effort for its own security and extend and develop its co-operation with the third world."

On the trade front, the conference was told that Western Europe had enormous prospects for increased exports to China throughout the rest of the 1970s. But Mr. P. A. Timbale, editor of the China Trade and Economic Newsletter, gave a warning that Europe would lose its advantageous position in 1980s if efforts were not made to develop exports by importing more from China.

Ten years ago Chinese imports were nearly all directed to petrochemicals industry. Now China was buying equipment for its coal, steel, electrical and communications industries, transport equipment, cranes, aircraft, ships and rail engines.

Potential exporters were warned of the difficulties of the Chinese market by Mr. Norman Webb, Secretary General of the Sino-British Trade Council. Chinese authorities would not accept foreign companies of the development of plants, as only very broad indications of future requirements. Contacts were made through state corporations, whereas exporters needed to meet technical industrial experts. Participation in trade fairs could help, he added.

Following China's favourable reaction to the offer of an agreement with the EEC, experts said the Chinese should be able to export a large number of consumer goods to Western Europe, including clothes, shoes, headgear, for wear, sports goods, luggage, radios, and wood and metal products for use in the construction industry.

Mr. Timberlake suggested that EEC should consider tariff quotas for Chinese industrial goods as a free quota for agricultural products such as canned and preserved meat, fruit and vegetables, honey and perhaps rice.

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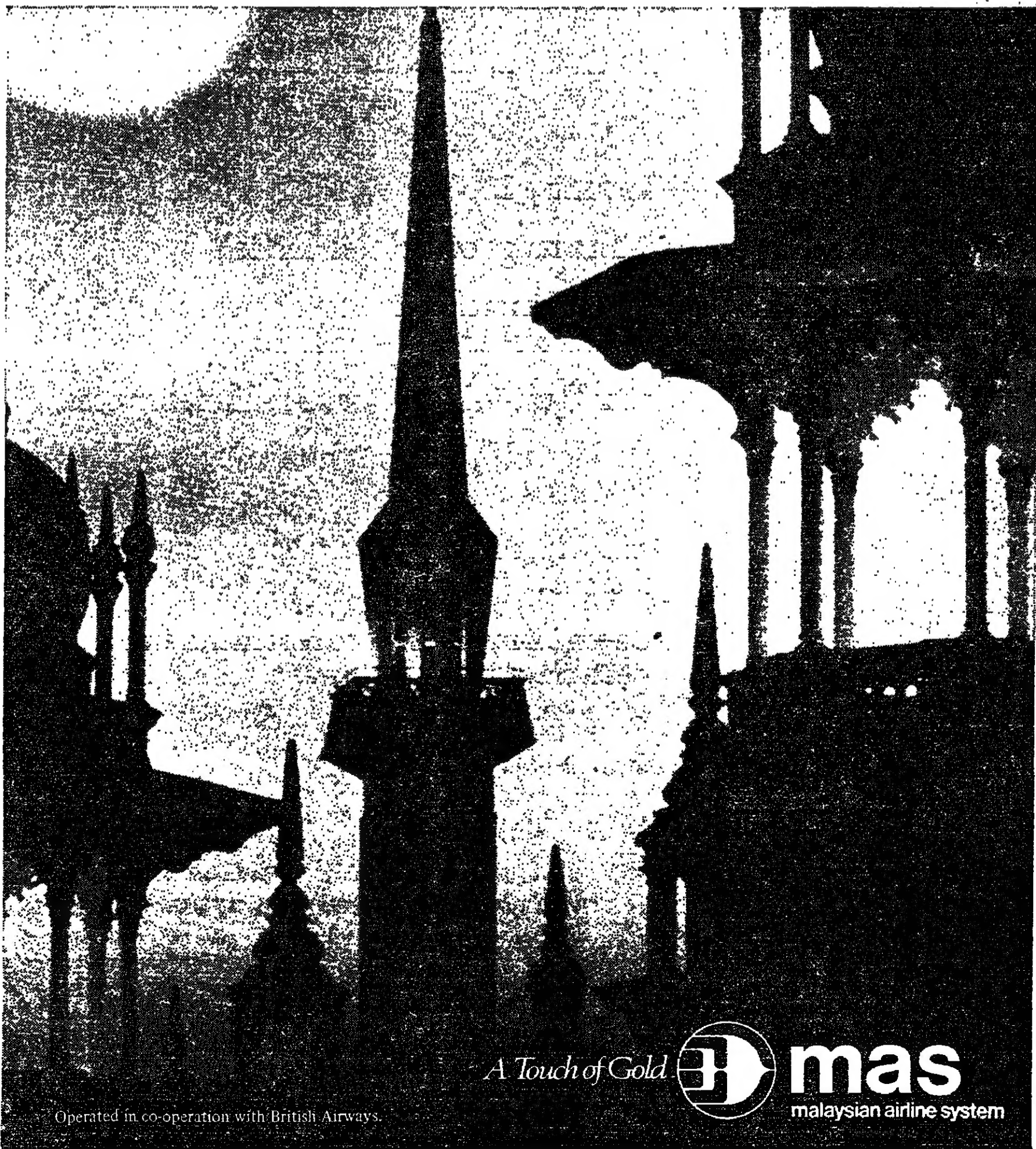
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MAGNETI MARELLI
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The Annual General Meeting of the Società Magneti Marelli was held on 30th April, under the Chairmanship of Avv. Giorgio Garino, and approved the Balance Sheet for 1974.

The Company's turnover reached Lit. 163 billion, an increase of 30% on 1973.

The year ended with a profit of Lit. 512 million after the customary and anticipated amortisations amounting to Lit. 8,530 million.

Lit. 8,858 million have been invested, 30% of which in the Mezzogiorno.

Employees on 31st December, 1974 numbered 13,011.

The Meeting approved the Board's distribution of a gross dividend of Lit. 70 on preferred shares and Lit. 43 on ordinary shares, drawing Lit. 419 million from the reserves to make up this sum.

The dividend becomes payable as from 20th May.

The Meeting appointed Dr. Ermanno Pedrana, already co-opted on to the Board during the course of the year, as Managing Director.

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AMERICAN NEWS

President, Congress in tune on alliance commitments

BY PAUL LEWIS, U.S. EDITOR

WASHINGTON, May 12.

CONGRESS and President Ford have introduced his annual resolution calling for a cut in U.S. forces in Europe and other foreign bases this year, and this might confuse allies and encourage the Soviet Union to make trouble.

In fact, there may also be a tactical consideration involved, since most Congressional analysts believe that the resolution would be soundly defeated by the Senate in its present mood—and besides Mr. Wilson, the Prime Minister of Australia, New Zealand and Singapore have all been told that the U.S. is not going to be isolationist, and the same will be said to the Dutch Prime Minister and the Shah of Iran when they visit Washington this week.

But while these meetings steal the headlines, rather less notice has been taken of the groundswell of support that President Ford is getting for his stance from the Congress—despite all the bitter words exchanged between them over Vietnam.

In broad terms, it is clear that the more liberal members are now seriously inhibited from pressing many of their usual demands by the fear of giving friend and foe the impression that the U.S. is in global retreat.

As one example of this trend, Senator Mike Mansfield is now putting it about that he may not

introduce his annual resolution calling for a cut in U.S. forces in Europe and other foreign bases this year, and this might confuse allies and encourage the Soviet Union to make trouble.

In fact, there may also be a tactical consideration involved, since most Congressional analysts believe that the resolution would be soundly defeated by the Senate in its present mood—and besides Mr. Wilson, the Prime Minister of Australia, New Zealand and Singapore have all been told that the U.S. is not going to be isolationist, and the same will be said to the Dutch Prime Minister and the Shah of Iran when they visit Washington this week.

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New York puts aid plea to Ford

BY GUY DE JONQUIERES

NEW YORK, May 12.

NEW YORK CITY, which is sinking deeper into financial crisis by the day, is now banking desperately on a direct appeal to President Ford as its sole remaining hope for winning emergency assistance from the Federal Government.

Mayor Abraham Beame has been granted a meeting at the White House to-morrow. His direct approach to Mr. Ford follows weeks of fruitless discussions with officials in Washington which culminated last week and in a blank refusal by Treasury Secretary William Simon to help the city out.

Mr. Beame, evidently outraged by this rebuff, criticised Mr. Simon's arguments as "vicious" and "legal double talk". But the firm tone of the Treasury Secretary's announcement indicates that the Mayor's chances of obtaining a more favourable response from the President are not good.

The city has been living from hand-to-mouth for the past several months. But all the signs are that the pace of deterioration in its financial condition is accelerating and the danger is growing that it may soon be plunged into insolvency unless emergency measures are taken.

New York's most pressing problem is to raise \$1.5bn. to pay off debts maturing by June 30. Its massive borrowing in the past and increasing doubts about its creditworthiness have created a credit crunch in the money market, and there is no certainty that the city will be able to raise this amount of capital.

Even if the money can be borrowed, the interest rate is likely to be punitive high. This will create further problems for the city by adding to its debt service burden, which already accounts for about 15 per cent. of its operating budget.

The city's appeals to Washington are being supported by New York State Governor Hugh Carey, but it is doubtful that the State, which has money problems of its own, will step up its assistance. A \$400m. grant it made to the city earlier this year was gobbled up within a matter of weeks.

The city is reported to have been sounding out foreign capital sources and the possibility that they might invest in its securities, but the identity of these sources and their response is not known.

It is generally conceded that there is little that the city can do by itself to restore its fortunes quickly. The tax burden on its residents is already close to its "tolerable" limit, and attempts to cut back on expenditures are being stoutly resisted by the Municipal Union.

If New York were to default on borrowings and were plunged into insolvency, it is difficult to see how the Federal Government could ultimately avoid stepping in. However the Ford administration is clearly hoping that such a crisis can be averted since it is deeply anxious not to set a precedent for Federal intervention which could open up a Pandora's box.

New York's problems are extremely grave, but they are by no means unique. At least a dozen other major U.S. cities are in severe financial straits, and if aid were granted to any one of them it would be difficult to deny assistance to the others.

Gulf mystery unsolved

BY JAY PALMER

NEW YORK, May 12.

THE MYSTERY of which foreign country had demanded more than \$4m. from Gulf Oil in order for Gulf to continue its operations remains unsolved. In a brief statement over the week-end, Gulf said that it has told the Bolivian Government that none of its officials were involved. Earlier last week the company sent roughly similar messages to the Governments of both Venezuela and Ecuador.

While answering individual countries' requests for clarification, Gulf still steadfastly refuses to confirm or deny payment of the funds. According to the Wall Street Journal, Gulf's chairman told a secret session of the Securities and Exchange Commission that monthly rates of increase since January last. Two-fifths of last month's rise was caused by higher transportation charges.

Space funds cut

The U.S. Senate has approved a trimmed-down "Space" budget which, for the first time in the history of NASA, permits no start on new programmes. The Senate passed by voice vote a \$2.5bn. authorisation for fiscal 1976.

Canadian prices up

The consumer price index for Canada rose by 0.5 per cent. in April from 172.3 in March, extending the trend of relative low

Brazil to allow foreign oil exploration

By David White

RIO DE JANEIRO, May 12.

CONTOVERSIAL plans to allow international oil companies to start exploration in Brazil were confirmed today by Sr. Shigeaki Ueki, Minister for Mines and Energy.

Sr. Ueki suggested in a newspaper interview that foreign companies should bear some of the risk of oil exploration alongside the state monopoly Petrobras. Under "risk service contracts" the companies would receive a share of the oil found once Brazil's own needs had been satisfied.

A number of major oil companies, some of whom have limited distribution networks in Brazil, are known to have presented proposals to the Government for extensive oil searches in areas such as the Amazon basin, where Petrobras has encountered technical difficulties. According to oil industry sources, they include Royal Dutch/Shell, Texaco, Gulf Oil and Occidental.

Sr. Ueki said that the need for larger financial resources and the prospect of further increases in world oil prices "could make us revise our present position"—which has meant keeping oil exploration strictly under the wing of Petrobras.

"We do not see why we should not avail ourselves of private, even foreign capital," he said. "However, I want to emphasise that the state monopoly will be maintained." The Government, he said, would hold consultations on the issue, which is politically very sensitive.

The plan to open up exploration in Brazil to foreign capital, reported in the Financial Times last week, has been rumoured for some time, although Sr. Ueki firmly denied last month that the Government would accept contracts that involved "an exchange of oil for equipment."

GUN CONTROL IN THE U.S.

The Saturday night special

BY NANCY DUNNE IN WASHINGTON

"NOW YOU can do something about Private Enemy Number 1 in our Shooting Gallery called America... where every 17 seconds someone buys a pistol..."

This recent headline on a New York Times advertisement bought by the National Council to Control Handguns is but a forerunner of the now annual Congressional debate about the need for stronger gun control legislation. While proponents of gun control have had little success in the past, many anti-weapons warriors have been sounding out newly elected liberal congressmen and are predicting that in 1975, some kind of victory will be theirs. Indeed, many signs portend that a better gun law will be enacted this year.

The public is literally screaming for something to be done," says Rep. John Conyers, Jr., chairman of a House judiciary sub-committee analysing gun legislation. A recent Harris poll showed that more than 70 per cent. of all Americans favour some stronger form of gun control.

Of course, the public was also screaming for gun control measures in 1968, after the assassinations of Martin Luther King and Robert Kennedy, and a law finally was passed, despite heavy opposition from the powerful million-member National Rifle Association (NRA). But little was really expected from the 1968 Gun Control Act, which established licensing of gun businesses and collectors but rejected registration and licensing of gun owners. Little was gained.

Crime has continued to rise; it was up by 17 per cent. in 1974, according to the latest FBI statistics. Estimates of the number of pistols at large in the U.S. range from 40-200m.,

of which fewer than 1m. are in the hands of police. Death by pistol has increased almost 50 per cent. in the last decade. In 1973 pistols were used in more than 10,000 homicides, in one of every four cases of aggravated assault, and in one of every three robberies.

The use of "family" guns for protection has risen in recent

pistols to stem the 2.5m. which have been entering the national pool each year.

4 — National registration and/or licensing of handgun purchasers.

To add more confusion to the range of alternatives, Mr. Edward H. Levi recently became the first U.S. Attorney-General and Cabinet member since 1968

"As long as half measures are taken, criminals will still be using guns and citizens will still strive to protect themselves."

years, and the number of accidents with these weapons has also increased. Although only 2 per cent. of home robberies have resulted in the trespasser being shot, the number of family members killed because a gun was handy has multiplied.

The need for stricter gun control is obvious, but supporters are weakened politically by disagreement among various factions on which measures ought to be pushed this year. While the strong gun lobby can and does single-mindedly oppose everything calculated to strengthen controls, their opponents are undecided about which of these courses to pursue:

1 — A ban on "Saturday night specials" — the cheap, easily concealed pistols, which legislators have had difficulty defining for law.

2 — A ban on all pistols, which no experts believe can pass both Houses.

3 — A prohibition on the manufacture and import of

to issue a gun control proposal. What he suggested — a ban on "Saturday night specials" and a flexible ban on pistols in urban areas with high violent crime rates — satisfied neither side on the issue but was seen as a basis for possible compromise.

The NRA and other firearms supporters insist that the right to protect themselves and bear arms is constitutionally guaranteed. They oppose registration or the theory that criminals will not rush to the nearest police department to register their arms. Instead, they want tighter controls and longer prison sentences for criminals. One of their spokesmen, Rep. Steven D. Symms, an Idaho Republican, contends that those who want guns for illegal purposes will always be able to buy them—without bans, licensing or registration.

Advocates of control dispute the argument that action should be directed at criminals, not weapons. Rep. Ralph H. Metcalf, an Illinois Democrat, told a crime sub-committee: "The fact that someone will serve a long

jail sentence will, in my opinion, not be very helpful to a homicide victim, nor very consoling to survivors of the victim."

About 50 bills have been introduced in the House covering a complete range of alternatives. In the Senate, Edward Kennedy, who in previous years led attempts to get registration and licensing of all firearms, has given up that route and now is supporting new controls on handguns only. Even this diluted measure is given only a 50-50 chance of passage.

What is most likely to pass is some sort of ban on "Saturday night specials." President Ford, who in the past has been lukewarm about gun control, has said he opposes registration but favours some sort of ban on specials. Attorney General Levi signalled these \$30-500 weapons as accessible to anyone who wishes "a large measure of deadliness" cheaply and easily. They are the guns most commonly used in crime.

However, those who think a ban on "specials" would be insufficient point out that in 70-75 per cent. of crimes in which guns are actually fired, high-quality expensive weapons are used. Joining the NRA in opposing the specials bans are representatives of many low-income neighbourhoods who claim that the poor are most often crime victims and need cheap guns for self-protection.

Thus, while 1975 may be the year Congress limits access to firearms, availability will apparently be only partially limited. As long as half-measures are taken, criminals will still be using guns and citizens will still strive to protect themselves. Americans will continue to kill, assault and rob each other in unprecedented numbers. And the debate on gun control will be heard again in future Congresses.

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IN BRIEF

Space funds cut

The U.S. Senate has approved a trimmed-down "Space" budget which, for the first time in the history of NASA, permits no start on new programmes. The Senate passed by voice vote a \$2.5bn. authorisation for fiscal 1976.

Canadian prices up

The consumer price index for Canada rose by 0.5 per cent. in April from 172.3 in March, extending the trend of relative low

Alaska pipeline

The U.S. Supreme Court has ruled in Washington that the environmental groups which have successfully sued oil companies over the Alaska pipeline must pay the costs of their legal action. One action by environmentalists over the pipeline, claiming that it would violate a 1923 Mineral Leasing Act, succeeded, but Congress later amended the Act to allow construction to go ahead.

This announcement appears as a matter of record only.

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May 13, 1975

EUROPEAN NEWS

French put out red carpet for China's Deputy PM

By Giles Merritt

PARIS, May 12. HAILED HERE as the most important Chinese leader ever to visit Western Europe, Mr. Teng Hsiao-ping, the Vice-Premier of the Chinese People's Republic, arrived in Paris today to begin a lengthy six-day visit.

Accompanied by Chinese Foreign Minister Mr. Chiao Kuan-hua, and a team of six Foreign Ministry officials, the Chinese Vice-Premier is being accorded "Head of State" treatment by the French. It is being pointed out here that ever since Mr. Chou En-lai's illness a year ago, Mr. Teng Hsiao-ping has assumed the role of China's interim Prime Minister.

The Chinese leader was greeted at Orly Airport by Prime Minister Jacques Chirac, Foreign Minister Jean Sauvagnargues and other Cabinet Ministers.

Mr. Teng is scheduled to meet French President Valéry Giscard d'Estaing twice during his visit, with the situation in Indochina and China's future relations with Europe expected to top the agenda.

Following preliminary discussions this afternoon, Mr. Chirac announced that France and China agreed to hold regular political consultations at foreign minister level. He told newsmen that "we have also agreed on the need to develop our trade relations in a more effective way."

Mr. Teng told reporters that China and France shared opinions on the situation in Indochina. "In any case we have found no divergences on this issue," he said.

Ever since its 1984 recognition of the Peking Government, France has enthusiastically pressed for closer ties with the Peoples' Republic. Not surprisingly, the French are making much of the fact that the number three Chinese political leader has refused to stop off at other European capitals during his trip and is concentrating exclusively on France.

Mr. Teng will also meet Interior Minister M. Michel Poniatowski, who will accompany him on his visit to Lyon on Thursday when he visits the Berliet lorry plant there. On Friday the Chinese delegation is due to inspect the Phoenix nuclear power complex at Marcoule before returning to Paris and flying out on Saturday afternoon.

EEC tries to reassure Arabs on Israeli pact

BY DAVID CURRY

BRUSSELS, May 12.

THE EUROPEAN Commission has acted swiftly to try to dispel any impression that the trade deal signed yesterday with Israel represented a diplomatic coup for Jerusalem.

However, while Mr. Claude Cheysson, the EEC Commissioner whose brief covers the Mediterranean negotiations, was insisting that some North African Arab states would, in fact, get a better deal than Israel, Mr. Yigal Allon, the Israeli Foreign Minister, was proclaiming that the signing of the deal showed that the Nine are not willing to be pushed around. I hope that none of the Nine will individually bow to blackmail."

He said a trade deal bringing Israel and the Arabs within the framework of a common policy would be helpful economically, psychologically and politically.

"A little bit of firmness will solve the problem," Mr. Allon said, referring to the Arab boycott against companies trading with Israel. "A united Europe cannot be blackmailed, even by oil-producers," he said, indicating that Western Europe was recovering its nerve since the Arab-Israeli war. The oil embargo had led Western Europe to resort to "expediency."

While the concept of a united Europe was receiving not altogether welcome encomiums from the Israelis, the Commission was desperately trying to play down the significance of the deal. However, Mr. Cheysson admitted that the problem of the boycott was looming large in the attempt to give renewed momentum to talks with the Arab Mediterranean states, particularly those with Algeria.

Originally it had been the intention to sign simultaneously deals with Israel and with the three Maghreb countries of Algeria, Tunisia and Morocco.

Mr. Cheysson argued that of the hotch-pot of deals linking the EEC with individual Mediterranean countries up to now, Israel had had by far the worst of the bargain. The new global policy towards the Mediterranean was to create a balanced series of relationships within a free trade area and to establish a wide range of co-operation in trade, finance and development.

The deals to be negotiated with the Maghreb countries would be more favourable than the Israeli arrangement because they would contain more far-reaching provisions covering financial co-operation and labour movement. The Nine were "condemned to succeed" in the talks with the Maghreb and had an absolute obligation to negotiate parallel deals with the Arab Mediterranean states, Mr. Cheysson said.

The agreements to be signed with Israel's four neighbours—Egypt, Jordan, Syria and Lebanon—would be very much along the lines of the Israeli agreement, although less advantageous than the Maghreb terms, he said.

The Community has clearly been discomfited by the way the Israelis have played up the agreement as a diplomatic triumph, and perhaps alarmed at the rumour from Arab countries that the so-called European-Arab dialogue as well as the Mediterranean policy could be jeopardised.

This will certainly cause the French some annoyance in view of the nearness of the opening of the dialogue in Paris, the recent failure to make progress in the talks between oil producers and consumers held at French initiative, and the current series of visits French President Valéry Giscard d'Estaing is making to the Maghreb countries, where he will certainly have emphasised that these three countries would continue to enjoy a special relationship with the EEC.

Meanwhile, the Commission President, Mr. Francois Xavier Ortoli, has accepted in principle an invitation to visit Israel—probably in the autumn.

Dominick J. Coyle writes from Dublin: The prospects for Euro-Arab dialogue and a possible European contribution to a Middle-East peace settlement will be explored by Dr. Garrett Fitzgerald, the Irish Foreign Minister, and current President of the EEC Council of Ministers, during a six-day visit to the Middle East starting next week. Dr. Fitzgerald will visit Egypt, Syria, Jordan and Lebanon.

Political showdown looms in Portugal

By Jane Bergeron

LISBON, May 12.

AS THE Armed Forces Movement (AFM) prepares the ground for its general election on Friday, the feeling is growing that a showdown with the political parties is inevitable before their elected Deputies take their seats in Portugal's Constituent Assembly on June 2.

The Government appears still paralysed by inter-party squabbling, the military divided as to what to do about it beyond exhorting the parties to unity, while the economic situation becomes more acute every day.

Meanwhile, all civilian Government ministers so far have decided to forego their Constituent Assembly seats in order to remain in the Cabinet, thereby closing the door on a low-key Government reshuffle which by changing personalities might have softened the inter-party disputes.

The military Supreme Council of the Revolution met again on Saturday, for about eight hours, without disclosing its agenda. Groups of military leaders have been meeting for the past week, and the council itself has called the leading politicians for consultations twice in the past seven days.

A televised round table discussion late last night provided a firm indication that the AFM has no intention of throwing the Popular Democratic Party out of the Government, as the Communists would like. The programme, which failed to turn into a real debate, saw the four party Ministers without Portfolio—Cavalal for the Communists, Pereira da Moura for MDP-CDE, Soares for the Socialists and Magalhães Mota for PDP—make statements on the political and economic situation after the Armed Forces Movement representative Commander Ramiro Correia, had put the AFM position.

The commander's message was once again an appeal for a united programme from the four coalition Government parties. However, the political reality in Portugal today is that the economic crisis is evolving so rapidly that none of the parties, and certainly not the Armed Forces Movement, can keep abreast of the political tide being generated by rising unemployment.

There are currently about 300,000 unemployed in Portugal (10 per cent of the labour force).

Last week 150,000 workers from hotels, restaurants, and the chemical industry dodged military pressure and went on strike. This week they may come out again and the typographers union may join them. Appeals by the AFM for workers to get down to the "production battle" are falling on deaf ears. Meanwhile, the revolutionary Left, which gained a 4 per cent of the vote in the elections and is steadily gaining on the factory floor, fears that if a wave of strikes is unleashed by workers' demand, repressive measures will follow.

Substantial sales by Britain to Portugal of CS riot control gas and rubber bullets show that crowd and riot control operations are being prepared.

CDU chooses Kohl as its candidate for Chancellor

BY JONATHAN CARR

BONN, May 12.

DR. HELMUT KOHL was today unanimously chosen by the National Executive Committee of West Germany's Christian Democrat Party (CDU) as the man to lead the Opposition into next year's general election.

The field was left open to Dr. Kohl, 45, when his closest CDU rival for the post of Chancellor candidate, Dr. Gerhard Stoltenberg, withdrew from the contest. He explained to the committee that he believed Dr. Kohl had the majority support within the CDU, and it was better that the leading party executive body should not show division on so crucial an issue.

However, if there are now no differences within the CDU on the matter, clear problems remain within the Bavarian sister party, the CSU. Here there is a majority support for the view that the CSU leader, Herr Franz Josef Strauss, should lead the Opposition.

It seems likely, therefore, that Herr Strauss will remain a major power behind the Opposition throne, but will not occupy the throne itself. This result, which would be a very good lead for the CSU, indicates that if the Opposition meets and held a team of all combined Opposition into the election battle next year. And the Social Democrat-Free Demo-

cratic coalition in Bonn next year, it will have to choose a leader who is able to command the support of middle-class voters. Dr. Kohl is likely to do just that. Herr Strauss, for all his brilliance, is not a natural leader.

Confirmation of this assessment comes in an opinion poll just released by the Allensbach Institute, in which Chancellor Helmut Schmidt comes out on top, but second, and surprising, is Dr. Kohl. He gains the support of 61 per cent of those asked, and this cuts considerably across party lines.

Dr. Kohl has been the CD chairman almost "exactly" to the point at which came his "fair compromise" in the event of a coalition government. He has been a good leader who has made some excellent speeches, and he has a team of all combined Opposition into the election battle next year. And the Social Democrat-Free Demo-

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Rome magistrate freed, but terrorist mystery persists

BY ANTHONY ROBINSON

ROME, May 12.

THE RELEASE late last night of the Rome magistrate Giuseppe Di Gennaro, five days after his abduction by a group of Left wing political extremists calling themselves the Armed Proletarian Nucleus (NAP), has reduced the tension but not explained the mystery which still surrounds this act of political criminality.

Sig. Di Gennaro's abduction was unexplained for three days until a strange prison revolt at Viterbo, north of Rome, on Friday night when three prisoners, describing themselves as members of NAP, seriously wounded two prison guards, held another as hostage and declared that they were part of three coordinated NAP groups responsible for the magistrate's abduction. The three prisoners, all serving long sentences for violent crimes, were armed to the teeth with guns, knives, and a two-way radio, all of which had somehow been smuggled into the prison.

Having gone through all this, the three Milan, and the death by an un-

known, killer of Milan police chief Luigi Calabresi. The up to the divorce referendum last May was preceded by a published series of violent acts by the so-called Red Brigades. The suspicion is that this was a "strategy" of "opposite terrorism" which painted a picture of Italy at the mercy of political violence from both the right and the left. Superficially this theory, forward at election time, right-wing elements in a Christian Democrat Party, has much to recommend it. In practice, however, violent passions have cocooned for years in political violence. The various Brigades, NAP and so on, mysteriously disappeared from circulation—until the elections, that is.

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Strike halts collection of taxes

BY OUR OWN CORRESPONDENT

ROME, May 12.

ITALY'S notorious tax system has wide repercussions throughout the public administration, generally and citizens' relations with the State. The dimensions of the breakdown were outlined in Parliament last week by the Finance Minister, Sig. Bruno Visentini, who is also a former chairman of Olivetti, a tax expert in his own right and a man whose entry into the Moro Government was widely welcomed as ideal for making the tax system work.

Once seen from the inside, however, Sig. Visentini declared that it would take at least three years to make the system function, and then only if no new taxes or modifications were contemplated in the meantime. Computer equipment, worth VAT documents, and so

millions of pounds has been already for years in pending cases in the Ministry of Finance. Work still proceeds on antiquated manual basis: several hundred tax officials left with golden handshakes two years ago, in brief virtually the only people who pay direct taxes in Italy.

This year's tax forms were distributed for years in pending cases in the Ministry of Finance. Work still proceeds on antiquated manual basis: several hundred tax officials left with golden handshakes two years ago, in brief virtually the only people who pay direct taxes in Italy.

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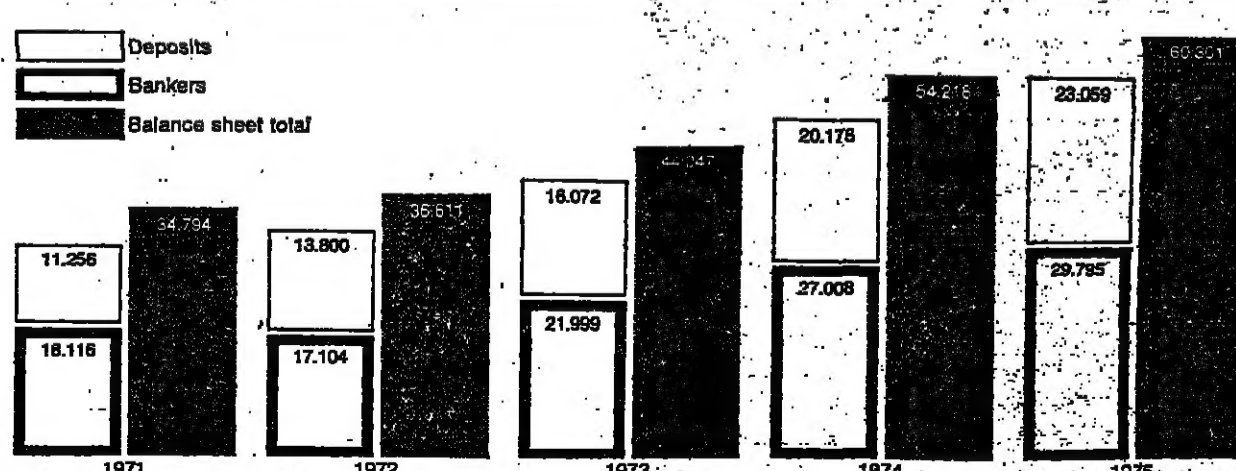
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Balance sheet at 1st of January 1975 (in Belgian Francs)

Assets	Liabilities
Cash & Banks	Capital & Reserves
Investments	Deposits, Bankers & notes
Loans & Discounts	Other Liabilities
Other Assets	
23,791,375,499	1,500,000,000
17,042,674,338	53,341,592,512
16,851,024,756	5,459,254,886
2,615,872,785	
60,300,947,378	60,300,947,378

Copies of the yearly balance sheet at 1st of January 1975 can be obtained from the Bank's Secretary, Banque Lambert S.C.S., Avenue Marnix 24, B-1050 Brussels (Belgium).

Talk about talk about talks

एच ई सी ५६

OVERSEAS NEWS

UAE agree to merge forces

BY RICHARD JOHNS, MIDDLE EAST EDITOR

THE SEVEN member states of the United Arab Emirates agreed in principle yesterday that the five military forces of the federation should be merged and that "experts from neighbouring Arab countries" should be called into advice on their unification.

After a meeting of the Supreme Council which appears to have been a success for Sheikh Zaid, President of the UAE and Ruler of Abu Dhabi, a communiqué was issued saying also that the advisors would draw up recommendations to ensure that the Federal Government would have sole authority over the import of all weapons and equipment into the Union.

At the last meeting, two-and-a-half weeks ago, there were apparent reservations about the plan on the part of Sheikh Rashid, Ruler of Dubai, who has recently built up his State's Defence Force to a strength of 2,000 men.

In man-power and fire-power, however, both it and the United Defence Force (3,000 men) are dwarfed by the Abu Dhabi Defence Force which is now believed to number some 15,000 in its land, air and sea wings. Moreover, Abu Dhabi has been wholly responsible for financing the federal budget since the UAE was formed late in 1971 and, thus, holds the purse strings of the

Union Defence Force. Sheikh Zaid has also been pressing for the unification of the police forces of the seven States. On this front, he and the federalists also have made some progress with the decision recorded by the communiqué that their salaries will all be paid by the central government and that they will henceforth operate under common regulations, although they will continue to be under the supervision of the individual Rulers.

Experts are to be commissioned to submit proposals to ensure that questions of immigration, residence and internal security are controlled by the federal Ministry of the Interior.

Equally significant is the stated agreement that all contacts with foreign countries should be through the UAE Government thus avoiding the disruption that could be caused by bilateral links such as those which Ras al Khaimah had been developing with Saudi Arabia. According to official sources, however, the King Khalid agreed verbally not to channel aid directly to this maverick member of the union at the time of the settlement of the long standing border dispute between Saudi Arabia and the UAE last summer.

PLO names negotiators for joint command talks

BY HUSAN HIJAZI

BEIRUT, May 12.

THE Palestine Liberation Organisation has formed a seven-member committee to negotiate with Syria on the proposed unified military and political command.

This was achieved at a meeting here yesterday of the 13-member executive committee of the PLO or Palestinian parliament in exile, under its chairman, Mr. Yasser Arafat. Syrian President Hafez Assad proposed the unified Syrian-Palestinian command in informed sources here said March. The proposal was subsequently endorsed by the policy-making bodies of the PLO.

Efforts to get the proposed unified command off the ground have been delayed by recent attempts at reconciliation between Egypt and the PLO and between Egypt and Syria. Their relations had

been strained over disapproval by Syria and the Palestinians of the mission to the Middle East in March by U.S. Secretary of State posed unified military and political command.

The PLO negotiating team is headed by Mr. Khalid al Fahoum, here yesterday of the National Council executive committee of the PLO or Palestinian parliament in exile, under its chairman, Mr. Yasser Arafat. Syrian President Hafez Assad proposed the unified Syrian-Palestinian command in informed sources here said March. The proposal was subsequently endorsed by the policy-making bodies of the PLO.

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China wary of Soviet base moves

By a Special Correspondent

PEKING, May 12.

CHINA has made no official comment so far on reports that the Soviet Union has asked for the use of Cam Ranh Bay as a naval and air base. However, such a move could only cause extreme alarm here, and would be regarded as an act of aggression by the Soviet Union.

The new situation in Indochina as far as China is concerned is an extremely delicate one. The best China can hope for in both Vietnam and Cambodia is that the new Governments will maintain an even-handed attitude towards both their great patrons.

Though the Vietnamese acknowledge recent debts to China, old enmities are not forgotten. Pagodas in North Vietnam commemorate heroes who fought the Chinese centuries ago, and even in private houses there are still little shrines where incense is burned to a 13th century heroine who died opposing the "northern peoples".

The Chinese already have two areas of possible dispute with North Vietnam. One is the Northern border with China itself, where lines of demarcation are uncertain. The North Vietnamese said recently there would have to be discussions about the border problem when conditions were more opportune. The other issue is the right to possession of the two island groups, the Paracels and the Spratleys, in the South China Seas. China has already fought a small war with South Vietnam over the Paracels and it has firmly announced equal claims to the Spratley group. Both groups are thought to be rich in oil.

Cambodia 'will accept aid'

BANGKOK, May 12. CAMBODIA's new rulers today admitted they faced great difficulties in rebuilding their country, and said they would be prepared to accept foreign aid.

Our foreign policy is one of independence, neutrality and non-alignment," a Cambodian radio broadcast said. "We have friends in the whole world because of the position we have adopted. Therefore we do not have to fear any country and we can accept aid from all countries."

INDOCHINA'S DOMINOES

Laos goes quietly

BY KEVIN RAFFERTY, ASIA CORRESPONDENT

LAOS, THE LAST, the poorest or even days. At the same time, those who might have stood in the Communist way radically lost heart and crumbled. The neutralist Prime Minister, Prince Souvanna Phouma, began to lean more and more sympathetically towards his half-brother and leader of the Pathet Lao, Prince Souphanouvong. The process was accelerated as it was seen that the Americans were not coming back and that their allies elsewhere in Indochina began to topple. Indeed, some observers believe that handing full power to the Pathet Lao quickly was the only way of pre-empting some form of national identity. Otherwise, North Vietnam would have learnt more and more and gained more and more influence to produce the same result.

Laos, "the Kingdom of a million elephants," is so poor and landlocked by five other, bigger states—China, Vietnam, Thailand, Burma and Cambodia—that it can only preserve anything by bowing to the prevailing winds around it. Sorting out which side is or was responsible for the breakdown of each of the three supposed peace settlements—in 1954, 1962 and 1974—is a tricky business. Right-wing forces made the first move after the elections of 1958 showed gains for the Pathet Lao. They ousted Prince Souvanna Phouma and arrested Prince Souphanouvong. In the

1960s Laos was sucked into the Vietnam war, with the North Vietnamese using it for part of the Ho Chi Minh trail into South Vietnam and the Americans embarking on a massive, yet for a



Long time secret, bombing campaign. By the time of the 1974 agreement a Communist wind had begun to blow fiercely. A world, but there is little enough evidence of any good that it did, especially influencing opinion. But U.S. bombing drove the whole population from the Plain of Jars where at one time, according to a refugee, "the bombs fell like a man sowing

seed." Even U.S. experts conceded that 80 per cent of the bombs fell on civilians. The bombing alone was enough to tip the balance of opinion in favour of the Communists.

Vientiane, the administrative capital, and Luang Prabang, the royal capital, where King Bhumibol's palace is situated, are the only major towns. Both are sleepy and shabby, may be typical of Vientiane in the biggest monument, the Monument aux Morts, a mini de Triomphe, said to have been built with U.S. cement intended for the rehabilitation of the port runway. And, at Luang Prabang airport, cows often have to be shooed from the runway before the aircraft can take off.

Out in the country, the noticeable things are the poverty and the influence of Buddhism. Every village has its pagoda, but the religion is intricately interwoven with pagan superstitions. It will be interesting to see how Communism blends in with tradition.

Many experts, particularly the exponents of the domino theory, expect Laos quickly to become part of a solid Indochina Communist bloc directed from Hanoi. It may not turn out as simple as that.

AUSTRALIAN INSURANCE BILL

By Michael Southern

SYDNEY, May 12.

WITH LEGISLATION to establish an Australian Government insurance office (AGIO), coming into Parliament this week, the general insurance industry has now withdrawn much of their opposition to the scheme in return, the Minister for Repatriation and Compensation, Senator John Wheeldon, has announced that he will recommend that the AGIO will be subject to the provisions of the Insurance Acts and the Life Insurance Acts.

Meanwhile, reports reached Sydney, to-night, that 1,000 workers in the copper mine at Panguna on the island of Bougainville have rioted and caused at least \$10,000 in damage.

The PRG asserts itself

SAIGON, May 12.

THE VIET CONG's Provisional Revolutionary Government has called a three-day holiday on May 15-17 to celebrate the Communist takeover and has promised to hold nationwide elections.

The PRG also called for the reunification of North and South Vietnam, but said that the first priority is restoring life in Saigon to normal. The series of announcements means that the outline of South Vietnam's new regime is emerging slowly and it appeared today that the PRG, not the military, nor the North Vietnamese, is now in charge.

Until two days ago, all Government announcements were signed either by "citizens committee" or "the Saigon-Gia Dinh military management committee" under the name of Col. Gen. Tran Van Tra, whose title was left vague. Two days ago, the PRG began making official announcements over the Government's "Radio Liberation" from Saigon. The first such announcement proclaimed the three-day holiday to celebrate the takeover. The radio said that the holiday proclamation was signed by Huynh Tan Phat, president of the PRG, ending, temporarily at least, speculation that the new regime was being run by Viet Cong military leaders or the civilian heads of the North Vietnamese forces.

All foreigners have now been restricted to the greater Saigon area as it was not possible to see how far people leaving Saigon are able to go. Agencies

Asean Foreign Ministers to meet

By Wong Sulong

KUALA LUMPUR, May 12.

FOREIGN ministers of the Association of South-east Asian Nations (Asean)—Indonesia, Malaysia, Singapore, Thailand and The Philippines, will meet in Kuala Lumpur tomorrow to discuss the shift in the balance of power in south-east Asia, and future Asean relations with the new Indochina regimes.

The eighth Asean foreign ministers' conference, to be opened by Malaysia Prime Minister, Tun Razak, will discuss the feasibility of having an Asean heads of government summit.

Asean officials say that future Asean attitudes would depend greatly on how the Thai government is going to react.

INDIA PURSUES OIL TAKEOVER

By K. K. Sharma

NEW DELHI, May 12.

PETROLEUM AND Chemical Minister K. D. Malaviya said in Parliament today that free negotiations for the acquisition of Burmah-Shell's assets in operations in India are being resumed. Replying to questions in the House, the Minister said that no final decision had been made yet on the question of acquisition of assets and operations of the company but negotiations were in progress.

The Reserve Bank of India has, meanwhile, been advised to issue instructions to the companies, including Burmah-Shell, on the score of Foreign Exchange Regulation Act. Under the legislation, foreign companies must bring down the foreign equity holding to 40 per cent.

OVERSEAS APPOINTMENTS

Western Australian Institute of Technology

DEAN

BUSINESS AND ADMINISTRATION

The Institute, with a current enrolment in excess of 10,000 students, is a major college of advanced education. The main campus is on a 270 acre site six miles south of the city of Perth.

The School of Business and Administration is one of seven teaching schools within the Institute and is housed in a recently completed nine-storey office and classroom building. It consists of the following departments:

- Accounting
- Computing and Quantitative Studies
- Management
- Business Law and Economics

Courses offered include two degree awards: the Bachelor of Business degree and the Master of Business degree. There are 3,568 students enrolled this year. The academic staff, presently numbering 93 and representing a wide variety of academic qualifications and professional experience, has considerable interest in educational innovation.

The Dean is responsible for the academic and administrative leadership of the School and the further development of teaching methods and research work.

The appointee will have specialist knowledge of one or more of the fields within the School and extensive experience at an appropriate level in tertiary education and commerce. A post-graduate qualification in a relevant field would be advantageous.

GENERAL

Salary \$56,128.74 p.a. at the current rate of exchange. Salaries are payable in Australian dollars. In addition the Dean enjoys a limited right to private and consultative work.

Fares for family, assistance for removal expenses and accommodation are payable to appointees. Conditions of service include superannuation (similar to PSSU), six weeks annual leave plus public holidays, three-months long-service leave on completion of each seven years of service, sick leave and assisted study leave.

Detailed applications, including a curriculum vitae and the names of three referees, should be submitted not later than 20th June, 1975, to—

The Migration Liaison Officer,
Western Australia House,
115, Strand, London WC2R 0AJ.

Further particulars may be obtained from the above address. When applying please quote reference FT5.

INTERNATIONAL TOP EXECUTIVE

wanted for uniquely interesting and diversified job in Paris.

Starting FF100,000—150,000, but future opportunities nearly unlimited through this organisation backed by leading industries in the Common Market.

Required: International business or investment experience with proven excellent results. Fluent French and English, good German. Preferably also Spanish, Italian, or other languages. University degree. Willingness to travel.

Candidate should preferably have lived for some time in a less industrialised country. European nationality and age in the thirties preferred.

All client employees know of this opening. If your qualifications correspond to all requirements, we will inform you immediately of client's name and objectives. Send résumé in full confidence and in any language to Mr. Beeth at:

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International Management Consultants S.A. 43 av. d'Italie, B-1050 Brussels, Belgium Tel: 02/73 9923

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Stewart Harris is an Oil man and well-known in the Oil Industry. He has an increasing acceptance worldwide with many distinguished clients and his Company's activities are conducted from his English country house, a building of historic interest.

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Licensed by the London Borough of Croydon.)

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(Nigeria)

For a large public subsidiary of a long-established U.K.-based international group.

REPORTING locally to the Chief Executive, the Controller, as a member of a small central team, will generally provide financial direction and control for the sub-group.

RESPONSIBILITIES will include cash forecasting, consolidation of annual accounts, budgets and monthly management accounts, and capital expenditure appraisal.

QUALITIES needed by the qualified accountant appointed will include mature personality, effective communication and ability to organise, train and motivate subordinates. Ideally he will have worked overseas before and some computer knowledge would help him.

SALARY for this key position will be attractive and should allow capital accumulation. Tours of ten months with two months home leave. Free air fares, furnished accommodation and local transport.

Please reply in strict confidence to—

Box No. A.5062, Financial Times,
10, Cannon Street, EC4P 4BY.

LARGE CONTINENTAL STEEL TUBE STOCKHOLDER

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Top Manager

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Good international connections are essential as is a working knowledge of the German language. Preference will be given to those applicants with experience in Steel Tube Stockholding.

Working conditions, salary, benefits, etc. will be on a level with the best in this industry.

Please apply in first instance, giving brief details of education and career to date, including present salary, to: MR. P. R. EDWARDS (Consultant on the appointment) c/o Arthur Young McClelland Moores & Co., Moor House, London Wall, London, EC2Y 5HP.

Please state on outside of the envelope Firms to whom you do not wish your application sent. This will be destroyed unopened.

EXECUTIVES

Seeking positions with EEC and U.S. Companies Here or Abroad

National Executive Search, a U.S. based executive search firm now offers a unique relocation service designed to assist qualified executives to make a logically planned career move in the geographic area of your choice.

This is your opportunity for a reasonable investment to improve your current position and substantially increase your earning capacity. Profit from our close personal contact with top management in hundreds of expanding firms. Our service has been carefully developed over a quarter of a century of professional operation. We are currently seeking executives to fill many key positions with multinationals operating both here and abroad. Obviously we cannot guarantee a new position but we do have the capability and expertise to provide you with maximum exposure at the decision-making level enabling you to step into a new, better and more rewarding position—without jeopardising your present job. Programmes especially structured for senior executives.

For an accurate assessment of your value in today's international market place and to explore what N.E.S. can do for you, please write now, including a telephone number where you can be contacted, outlining your background and objectives. If it is felt that N.E.S. can honestly assist you in achieving your objectives, arrangements can then be made for an initial confidential interview in London, Geneva or Madrid.

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3 Rue Pierre, Fatio, 1204 Geneva, Switzerland
London 01-825 8508 (24 hr. Answering Machine)

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A. S. Executive (Consultants)

CERTIFIED ACCOUNTANT QUALIFIED BANKER

Required by a commercial Bank in Panama City. Salary negotiable, free housing, passage expenses, annual leave. Knowledge of Spanish conditional.

Please apply, stating qualifications, experience, salary expectations and availability, by calling:

MR. HARMSEN,
Churchill Hotel, London,
from 12th to 16th May.

APPOINTMENTS

ADVERTISING

ALSO APPEARS

TO-DAY

ON PAGE 10

PERSONAL

EURO

APPOINTMENTS

PRIVATE CLIENTS

A major firm of London stockbrokers has vacancies in its Private Clients Department for an—

- Executive
- Executive's Assistant

Candidates should have a good educational background and at least two years relevant experience.

Applicants should, in the first instance, send their curriculum vitae and details of salary required to Box A.5063, Financial Times, 10, Cannon Street, EC4P 4BY.

EXPORT SALES REPRESENTATIVES

We are an export merchandising organisation based in Wimbledon and specialise in the sale of power tools for the building and construction industry.

To strengthen our sales team we require two additional export sales representatives to assume responsibilities in the following territories:

1. East European countries
2. The Far East

The successful applicants will be 28-35 years old and have a record of successful selling in one of the areas indicated. Knowledge of one or more foreign languages is desirable, while in the case of the applicant for Eastern Europe fluency in German is an essential qualification.

Each representative can expect to spend about four months a year travelling abroad, generally for two or three weeks at a time.

A commencing salary of not less than £4,000 per annum is offered, together with the usual benefits granted by a responsible organisation, including a company car.

Candidates should write to Box No. E.5911, Financial Times, 10, Cannon Street, EC4P 4BY giving full details of their background and experience in export marketing.

STOCKBROKING GENERAL OFFICE

We have vacancies in our City Settlement Office for experienced stockbroking clerks, in particular those with a sound knowledge of at least one of the following sections:

- ALLOTMENT LETTERS
- BEARER
- CASH

Salary negotiable according to age and experience. Bonus Scheme. Contributory Pension Fund. L.Vs.

Applications to:

Staff Manager

Phillips & Drew

Lee House, London Wall, London EC2Y 5AP

EUROPEAN DIRECTOR

American organisation seeks U.S. citizen 35-45 at headquarters in Brussels to direct sales promotion, marketing programme. Office established 1962, staff of eight. Must have demonstrated management ability and fluency in one major European language, other languages helpful. Experience working with Government, knowledge of agricultural commodities for feed industry helpful. Send resume with photo and earnings, history with confidence to Box E.5916, Financial Times, 10, Cannon Street, EC4P 4BY.

FINANCIAL CONTROLLER-NIGERIA

Our client, a fast growing cement manufacturing company in the South Eastern State of Nigeria has a vacancy for the post of Financial Controller.

He will be responsible directly to the General Manager and will have overall control over the financial accounting and cost accounting departments.

QUALIFICATIONS & EXPERIENCE

Must be a member of one of the recognised accountancy bodies (ACA, ACCA or AICPA) and a minimum of 5 years experience. Experience in the cement industry will be an advantage.

REMUNERATION

Negotiable but very attractive. Very generous fringe benefits are also available including accommodation, car allowance and pension scheme.

Application in own handwriting stating full details of qualifications, employment history and present remuneration should be addressed to:

The Financial Controller, P.O. Box 2462, Lagos, Nigeria.

THE PAINLESS WAY TO FIND A SENIOR SECRETARY

If you need a PA Secretary, a girl with the Right Background and qualifications to assist you in your work with smooth efficiency, then you also need a high calibre service to interview and short list applicants for you.

Please ring Sallyanne Phillips on 629 5747, the SPECIAL APPOINTMENTS DIVISION of Adventure

CONTRACTS AND TENDERS

Solicited Tenders are invited on behalf of the President of India for supply of various Electronic Equipment for the Indian Space Research Organisation (ISRO) at New Delhi.

2. The cost of equipment will be financed from the ISRO Credit 403-IN and the relevant conditions for procurement against this ISRO Credit will apply.

3. Interested tenders may obtain copy of Tender documents containing commercial conditions and relevant technical specifications from the Asst. Director General (Imports), Room No. 514, P.A.T. Directorate, New Delhi, (India) enclosing Tender No. 12-123-75.

4. The tender should be submitted in a sealed envelope marked "Tender for ISRO Credit 403-IN" and should be submitted to the Asst. Director General (Imports), Room No. 514, P.A.T. Directorate, New Delhi, (India) on or before 11.00 hrs on June 25, 1975, respectively.

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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

SAFETY AND SECURITY

Controls for dangerous jobs

REMOTE CONTROL of fork-lift trucks, cranes, bulldozers, tractors and other machinery involved in work where the job is too hazardous, requires more precision or is too time consuming for normal operation is the role of radio equipment by Badger Systems of Leeds.

Developed initially for use with Badger trenchless pipe-layers, the equipment has a portable rechargeable transmitter and a machine-mounted receiver with short aerial. For pipe-layer control, the operator uses a hand-set box linked to the transmitter. First orders have been received from Poland, where the equipment will be used to control the newly designed Badger linkages sent to that country for trenchless pipelaying work as part of a major land improvement scheme.

For U.K. use, the equipment operates on the UHF 450 MHz radio telephone band but can be supplied working on other bands as required for overseas operations.

There are two simultaneous modulation channels for each operation channel with integrated logic decoding circuitry. This arrangement gives the trans-

mission link a high immunity to the effects of noise and spurious transmissions — noise at one frequency only will not cause accidental actuation of command signal. The equipment uses voice communication equipment with special interface circuitry to generate and decode transmitted frequencies.

The transmitter weighs 9 lb. (4 kg.) and is powered from a rechargeable nickel cadmium battery giving eight hours continuous use. The receiver weighs 7.5 lb. (3.5 kg.) and is powered from the machine's 12-volt supply.

Badger Systems, 98 Jack Lane, Leeds LS10 1UX, Leeds (0532) 448711.

Security for whole factory

ADVANCED TELEVISION techniques backed up by appropriate additional sensors form the basis of a surveillance system from

Movalarm with which it is claimed that an entire chemical plant, for example, could be monitored from one small room with perhaps one or two operators.

Monitor screens do not have to be constantly watched; an alarm on the monitor sounds at the same time that the screen shows the area where the disturbance has taken place. A system of automatic light change, shadow pattern and movement detection is used with remote cameras and "other electronic devices."

It is claimed that virtually any form of intrusion, disturbance or fire can be detected, plus the escape of certain gases and fluids. The cameras can work in the dark.

Ten cameras are allocated per monitor or in sequence and if a disturbance occurs the appropriate camera remains displayed. If there is a multiple hazard, appropriate cameras are connected to the available monitor. Video recording can be incorporated if needed.

Movalarm, Wakeman House, Bourne End, Bucks, SL5 5SX (Bourne End 26722).

INSTRUMENTS

Assesses incoming devices

MOST KINDS of discrete electronic components can be quickly assessed for quality using the 1655 digital impedance meter introduced by General Radio of Bourne End, Bucks (06285 22587). Major application will be at incoming inspection stations in electronics factories.

Resistance, inductance and capacitance are automatically measured on each range, and illuminated arrows indicate in which direction the range switch should be turned for the correct range setting. The meter also has go/no-go limits for Q-factor and its reciprocal, measures C and L at either 120 or 1000 Hz, resistance at dc. Basic accuracy is 0.1 per cent at dc and 1000 Hz, and 0.5 per cent at 120 Hz.

The nine-position range switch provides for 0.01 pF to 20,000 microfarads, 0.01 millihenry to 2000 henrys and 0.1 milliohm to 20 megohms.

An optional limit comparator set by five-digit limit switches, and limit displays are available; the meter can work with external comparators, handlers, data printers and card punches.

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COMPUTERS

Automated tape mover

BASF has increased its range of computer peripherals by introducing the Automated Tape Library (ATL) marketed in the U.S. by CalComp. A fully automated magnetic tape storage and retrieval system, it includes both the hardware and software required to place a tape library on line to central processing units.

The ATL combines the low cost of tape as a storage medium with the operating advantages of automatic on line access. It is the first system of its kind to perform automated retrieval and mounting of tape reels, as well as associated library record keeping functions.

Under computer control the ATL brings tapes from storage, mounts them on tape drives, dismounts the tape when the job is completed and returns them to storage. Accessing up to 150 reels per hour (average mount

time 15-20 seconds), the ATL can store from 74 to nearly 7,000 standard type reels in a lockable self contained library that can service up to 32 tape drives.

BASF operates in the U.K. from Lady Lane, Haddenham, Suffolk IP27 6BQ. London number 01-584 50806.

Meanwhile, in the U.S., CDC has disclosed plans to introduce a new mass storage system in about two weeks.

A spokesman said the system, which provides for automatic retrieval of computer tape, will reduce the cost of data processing operations by a very large fraction.

He said information on prices and delivery schedules would not be announced until the system is formally introduced.

ICL in two big moves

MARCOL Computer Services is equipped with an ICL 2903 computer system which was installed

in January this year and—it has just been announced—will offer a base during the winter sports season. But to do this in any comfort, central heating — plus good insulation and ventilation — is essential. Gas-fired stores fall to give an overall heat distribution and fan heaters, although an improvement, are noisy. Central heating with water radiators has none of these problems and, in addition, can give a constant supply of hot water for washing.

Sweden's Alde-Verken company has produced what must be on thermal capacity, the smallest caravan central heating system available to-day. Its "Compact" has just received British Standards Institute approval.

The boiler itself, the electric circulating pump (most important), the expansion tank and all the setting controls are contained in a single unit only 5 feet 7 inches (1689mm) high

by 5 inches (120mm) wide by 8 1/2 inches (210mm) deep. Because the boiler unit is long and slender, it can be installed in a tall cupboard or wardrobe and therefore provides a source of draught-free pre-heated fresh air and useful airing space. The boiler is vertically mounted to ensure maximum thermal efficiency.

Fired by liquid petroleum gas (propane or butane) from a standard 1kg bottle the unit has a power input, using propane, of 5.9kW (20,000 Btu/hr) and one of 6.7kW (22,820 Btu/hr) on butane. The boiler is fitted with a thermostat and an infinitely variable burner to ensure optimum gas consumption and maximum economy. At maximum output and using butane, the fuel consumption is 18oz/hr, which means a standard bottle would last for about 8 1/2 hours of continuous running. The thermostat allows the water temperature to be set between 30 and 80 degrees C.

"Mini Compact" has all the facilities of the larger unit but a thermal capacity of 3.3kW (11,150 Btu/hr) on propane and 3.8kW (13,150 Btu/hr) on butane.

Scan-Telair, 19 Braemar Gardens, London NW9 5LA, (01 205 1660).

time 15-20 seconds), the ATL can store from 74 to nearly 7,000 standard type reels in a lockable self contained library that can service up to 32 tape drives.

BASF operates in the U.K. from Lady Lane, Haddenham, Suffolk IP27 6BQ. London number 01-584 50806.

Meanwhile, in the U.S., CDC has disclosed plans to introduce a new mass storage system in about two weeks.

A spokesman said the system, which provides for automatic retrieval of computer tape, will reduce the cost of data processing operations by a very large fraction.

METALWORKING

Boring the tiniest holes

LASER micro-driller, model 11, for boring holes as small as 0.0004 inch (10 microns) in diameter is available from the Ferranti Professional Components Department of Dundee, Scotland.

Based on a neodymium-doped glass laser, the micro-driller can be used to bore holes in most common metals and plastics as well as brittle and hard-to-machine materials like ceramic and tungsten-carbide. The largest hole the laser is capable of drilling is 0.05 inch in diameter.

Laser drilling is unique in that there is no mechanical contact between the actual drill and the workpiece—the holes are drilled by an intense beam of light. Because of this, there are none of the attendant problems associated with conventional drilling. For example, workpiece deformation, tool wear, bit breakage and frictional heating. Moreover, owing to the fact that

a laser beam obeys optical principles, the driller is not restricted to straight line operations: this means that holes can be drilled, with the aid of optical devices, in difficult to reach areas of the workpiece and at awkward angles. Furthermore, holes can be located with high precision and need not be limited to circular shapes.

In addition to the micro-driller, Ferranti is also marketing in Europe a laser welder/driller specially intended to evaluate pre-production techniques. This laser equipment allows the user to evaluate fully the potential of laser welding and drilling for a particular manufacturing operation.

Ferranti, Dundee Avenue, Dundee, DD2 3PN. 0582 89311.

Previously, says GIM, high performance memories were the use either of more costly bipolar devices or of MOS dynamic RAMs, the latter posing

timing problems and the need for external clock and refresh circuits. The new static RAMs are stated to offer a speed increase of 2.5 to 5 times compared with competing products. The devices are designated RA-1217 and 1218, the faster version requiring external sense amplifiers.

At the same time Intel has announced that its 3800 range of programmable read only memories (PROM) has been extended with the introduction of 2K and 4K bit devices, the 8000 and 8001. Factory programmed, high volume metal-mask versions are also available, and the device offer access times of 70 ns. The are supplied in the U.K. by Rap. Recall, 9, Betterton Street, London WC2H 9BS (01-379 6747).

Previously, says GIM, high performance memories were the use either of more costly bipolar devices or

HOME NEWS

British Airways' drive to attract businessmen

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE possibility of providing a service to Los Angeles, daily 747 jet service to Philadelphia, and daily 747 jet service to New York, are being considered by British Airways, as part of its drive to attract businessmen to its new class of service.

Few details of this special class are yet available, but it could take the form of a series of "talk-ins" for businessmen, with the airline providing facilities throughout the journey. The airline is also considering the possibility of providing a service to Los Angeles, daily 747 jet service to Philadelphia, and daily 747 jet service to New York, as part of its drive to attract businessmen to its new class of service.

The idea was revealed yesterday by Mr. Gerry Draper, director of the British Airways Travel Division, as part of a major campaign by the airline to attract businessmen to its new class of service.

Mr. Draper pointed out that at present there are 4m. British businessmen and women who fly with British Airways every year, accounting for just under half of the airline's total U.K. passenger revenue.

The campaign to attract even more businessmen will be in four phases, spread over a period of time.

The first phase, starting immediately, includes provision of a wide range of back-up facilities for businessmen, including publication of a new guide, *Business Traveller*, which lists all the assistance any businessman can get from the airline.

Trade fairs

These include details of the airline's convention bureau, trade fairs and exhibitions, guides to different cities, incentive travel schemes, study tours, executive aircraft services, special fares for businessmen, a drive car hire, health services, insurance arrangements, credit facilities and other aids.

The book is available directly from British Airways.

The second phase, starting this summer, will include improved flight timings, and more frequent flights on major business routes across the airline's network.

These include the recently introduced non-stop daily DC-10, when they are travelling.

Fourth phase

In the fourth phase, British Airways will look at innovative ways of improving its operations. One of these will be consideration of the new class of travel for businessmen.

Another will be consideration of extending the London-Glasgow walk-on/walk-off shuttle services to other routes, including international routes.

The airline will also look at extending the one-piece baggage system for travellers, already introduced on routes between London and Paris, to other points on its network.

A separate series of innovations is being prepared for Concorde, on long-haul routes, so that the benefits of the faster flight times are not lost through delays on the ground. These facilities are expected to include a special check-in desk in the Heathrow Terminal Three.

Summarising the plans, Mr. Draper said: "The challenge for British Airways is to clear-cut, especially for the smaller companies, to venture further afield for trade."

"British Airways must help the businessman. We have geared ourselves to be the first airline British businessmen think of when they are travelling."



Gerry Draper, director of British Airways Travel Division, introduces the airline's plans to help business travellers.

TriStar damaged in landing

Financial Times Reporter

BRITISH AIRWAYS is to investigate an incident at Heathrow involving a new TriStar jetliner. The aircraft—carrying 182 passengers—came in to land on auto-pilot at the wrong angle.

Parts of the runway and the rear fuselage of the wide-bodied jet—bought recently for £10m—were damaged.

The incident occurred on Sunday as the TriStar, flying from Majorca, locked into its auto-land approach. The three pilots realised that something was wrong, but although the captain corrected the fault the "tail-skip"—a mechanical device built into TriStars to help in the event of a heavy landing—scored the runway.

British Airways claimed last night that there was no question of the aircraft's making a wrong approach. "The aircraft ditched up on landing and the pilot took over the controls and carried out a normal landing."

Metal Box to use new technology

BY RHYS DAVID

METAL BOX, the U.K. metal paper and plastics packaging concern, is hoping to begin commercial production in the autumn of a new technology seamless two-piece food can.

The development, which is thought to give Metal Box a lead over its canning rivals in the U.S. and on the Continent, uses a technology similar to that already employed in making beverage cans, but not previously capable of being extended to the mass production of food cans.

The process for beverage cans consists of punching out an aluminium or tinplate cup from a sheet of metal which then requires to be closed only at one end. The conventional process involves seaming a sheet of metal and inserting two ends.

The drawing and wall ironing process now widely used for beverage cans has not been suitable, however, for food cans because the vacuum formed inside the can when the food is being processed causes the walls to buckle.

The Metal Box development, announced at the Interpack exhibition in Düsseldorf yesterday, uses a method known as "draw redraw" which makes it possible to form a cup using thicker materials.

This process, which has been used for a number of years to produce at comparatively low speeds specialised food cans and kitchen utensils, involves stamping out sheets of tinplate into

cups. The cups are then fed into a rotary redraw machine which completes the forming process.

Metal Box has so far spent £500,000 developing the process and is hoping to bring a prototype line into commercial production at its Acton plant by the autumn.

Production, which will run at the rate of 700 cans a minute for smaller sizes, is put initially at around 2m. to 2.5m. a week, and a second line costing a further £300,000 is to be installed by early next year.

The two-piece can has advantages over the conventional three-piece can in terms of integrity of the container and resistance to corrosion.

As a result one of the first markets the company is hoping to penetrate will be baby foods.

Unsold home stocks at new low

By Michael Cassell

THE STOCK of unsold homes, either finished or virtually completed by builders has reached its lowest point for 18 months.

According to a survey conducted by the Department of the Environment, builders and property developers were estimated to have had about 37,000 unsold homes on their hands at the end of February and these were either ready for occupation or in the final stages of construction.

The total compares with an estimated 56,000 homes which were unsold at the end of October, 1974 and 47,000 still on the market at the end of March last year. While the latest figure represents a substantial decline in the level of unsold stocks, the total remains comparatively high.

Reksten sale of P & O shares likely

BY MARGARET REID

ALTHOUGH NO disposals seem to have been made from investment could be arranged. The likely sale of P & O shares by Reksten, the Norwegian shipowner, has in P & O, Furness Withy and Anglo-Nordic Shipping, sales from them appear very possible in the light of present tanker market problems.

Mr. Reksten, who is well-known in shipping circles as having operated highly profitably in the spot tanker market in the past, is thought to have been hit by the recent slump in tanker rates.

It is believed that efforts are being made to renegotiate certain of his companies' charters and construction orders in the light of the market downturn and of the extent of laid-up tonnage in the industry.

With substantial ship mortgage loans outstanding to the Reksten interests from lenders including Hambros Bank, the question of possible disposals of the British investments held by interests associated with Mr. Reksten seems bound to be considered.

The Reksten interests last year built up their stake in P & O, the world's largest shipping group, to some 10 per cent, or around 14m. shares, worth about £15m. after yesterday's rise of 5p in the P & O price to 107p.

Asked last night whether there had been any change in the holding associated with Reksten interests, Mr. Oliver Brooks, P & O finance director, said: "As far as I know, it's still there."

Other indications support this, but it seems that a sale of the stake might well be made if it could be arranged. The likely method would be by a placing with institutions.

The Reksten interests are also associated with P & O as equal owners of Anglo-Nordic Shipping, the tanker group valued at some £30m. in 1973. To inquiries whether any moves had been made from the Reksten side to sell its 50 per cent. share to P & O, Mr. Brooks replied: "No moves so far."

He added that, if such moves were made, "we would obviously look at the price." He declined to comment on what price would be acceptable.

The Reksten interests are also thought to hold an interest approaching 15 per cent. in Furness Withy, the shipping company which yesterday announced profits up from £13.9m. to £24.7m., and whose shares last night ended 3p up at 190p.

On the cards

In addition, Hambros Bank, the London advisers of the Reksten companies, probably have a further 5 per cent. The current market worth of 15 per cent. of P & O would be some £8m.

It is obviously on the cards that if investments of the Reksten interests in Britain were being considered for possible sale, the FW holding would be a potential candidate for disposal.

Signs are that, unlike the P & O stake, disposal in this case would be more likely to be to another shipping concern.

£1m. for land clearing

THE NATIONAL Coal Board, Council and Rhymney Valley District Council, have agreed to finance together for the first time a £1m. derelict land clearance scheme, it was announced yesterday.

Disused buildings, workings and tips will be cleared at Groes Fawr and recently closed Ogilvie collieries near Bargoed, Glam.

Mr. Ted Rowlands, MP, Welsh Office Under-Secretary, made the announcement after a meeting between his department, the NCB, Mid Glamorgan County Council and Rhymney Valley District Council.

SHIP FREIGHTS UP

Member lines of the South and South-East Africa shipping conference, because of rising costs, are to raise freight rates between the U.K. Continent and Walvis Bay-Chinde from August 1 by about 10 per cent. in each direction.

INTERIM STATEMENT



INTERIM RESULTS

	25 weeks to 21.3.75*	22.3.74
Sales	£'000 14,649	£'000 12,494
Trading profits for the period		
Steels	427	185
Tools	192	122
Overseas	882	811
	1,501	1,118
Share of profit of associated companies	79	34

Group profit before interest, after charging depreciation for the period of £273,000 (1974 £278,000)

Interim Dividend 1p per share (8375p per share net 79)

*Sales and profits in the main operating groups show an increase over the same period last year. In my statement in last year's annual report, I drew attention to the importance of this company's remaining a member of the EEC. From the viewpoint of long-term job security, we are urging our employees to vote in the referendum for Britain to remain in the EEC.

B. E. Cotton Executive Chairman

Samuel Osborn & Co. Ltd., P.O. Box No. 1, Sheffield S30 3TR.

An international group manufacturing and selling high quality steels, engineers' cutting tools, mining and engineering equipment.

HOME CONTRACTS

Simms £3m. building work

W. J. SIMMS, SONS AND COOKE (NORTHERN), part of the Lewston International Group, has received two contracts totalling more than £3m.

The first, awarded by Nottingham City Council, is for a £1.5m. housing scheme at St. Ann's redevelopment in the City centre.

The second, from Leeds City Council and worth £1.5m., is for the building of 153 dwellings and 40 garages on four sites.

ROWLSON CONSTRUCTIONS, Stockport, has been awarded a £2.5m. contract for the construction of a new 17,000 square metres bus garage at Ashton-under-Lyne. Site clearance work for the new 17,000 sq. ft. depot for Greater Manchester Transport has already started and the construction project involves building the garage, workshop and offices. The contract period is 92 weeks.

JOHN LAING CONSTRUCTION, Yorkshire region, has started work on a £1m. contract for a warrant officers' and sergeants' mess and recreational club at Catterick Garrison, North Yorkshire. One hundred bedrooms, bars, TV and billiards rooms will be included in the mess building, which will be a part three-storey and part single-storey structure with a floor area of 24,000 square feet.

The social club building to be used by other ranks, will have an area of 28,000 square feet and will be a part single and part two-storey structure. It will include a 100-seat restaurant and NAAFI staff living accommodation as well as 25 recreational rooms and bars.

TELETRON, Dublin, has won an order from the Wales region of the British Gas Corporation, which is to extend its transmission network into West Wales between Carmel, Cockett and Bolton, using the company's low capacity multiplex equipment.

CORRALL CONSTRUCTION, part of the Powell Duffryn Group, has been awarded a second contract, worth £500,000, by the London Borough of Islington for housing modernisation on its Scott Estate. Work, which is due for completion next April, involves conversion and rehabilitation of 30 old terraced houses to provide 60 modern dwellings.

BOOTH CONCRETE, an Alfred Booth company, of Huntingdon, has received an order worth £91,000 to supply and fix pre-stressed concrete flooring for 16 blocks of flats for the British Airways Staff Housing Society.

ASSETS

BALANCE SHEET AT 31st DECEMBER 1974 (in million lire)

Loans	2,361,042
Securities	1,577
Current Accounts with Treasury, Bank of Italy and other Banks	397,677
Sundry Debtors and various	104,840
Unamortized Bond Discount	54,481
Other Assets	10,664
Contra Accounts	326,488
	3,256,769
Capital	21,000
Reserve Funds	78,883
Bonds in circulation	2,201,914
Loans	344,940
Advances received	29,743
Matured Bonds and Accrued Interest	136,001
Sundry Creditors and various	103,433
Other Liabilities	10,566
Net Profit	3,801
Contra Accounts	326,488
	3,256,769

Empire Stores (Bradford) Limited

Salient points from the circulated statement by the Chairman, Mr. C. T. Wells, on the financial year ended 31st January, 1975.

Start of the year adversely affected by 3-day week, thereafter continued improvement. Group sales finally achieved total of £82,147,000, an increase of 21%.

The Company has been faced with considerable increased costs and has suffered from Government restrictions on margins, nevertheless net profit before tax up 4% to £3,660,000.

Final dividend of 1.40p, together with Interim of 1.31p, makes 2.80p per share total, the maximum permitted.

The mechanised warehouse at Kettlethorpe, together with benefits derived from the computer, made a considerable contribution to the efficiency of the Company. Service to agents and customers now equal to the best.

Great attention has been paid to cash flow and finance. Institution of tighter controls on stock and debtors, together with arrangements made with the Company's bankers, should enable the Company to have the minimum of financing problems within the next two years.

The economic problems of the near future and the problems of inflation on costs make any forecast of profitability very difficult. The efficiency of the Company is, however, higher now than it has been for many years and we are well situated to make the best of available opportunities.

Empire Stores (Bradford) Limited 18 Canal Road Bradford



Bill Davis Allen Sheppard Keith Hopkins Spen King

British Leyland announces other main appointments to car division

By Peter Foster

BRITISH LEYLAND—moving quickly to avoid further uncertainty—has announced the other main appointments in its reorganised car division, following that of Mr. Derek Whitaker as managing director last week.

There are few surprises in the line-up for the new car division—which will be by far the most important in the revised BL set up—and the company has relied almost exclusively on home-grown talent. Manufacturing director and number two to Mr. Whitaker will be Mr. Bill Davis, 56, who has been with British Leyland for one of its predecessors for 40 years. He is currently director of manufacturing and holds a seat on the main Board, which he will have to relinquish when the revamped British Leyland emerges later this year.

Mr. C. S. "Spen" King, currently director of product development, becomes engineering and development director in the new division. Mr. Keith Hopkins—who last year became managing director of Austin Morris after six years as British Leyland's director of public relations—will be director of sales and marketing.

The other key post in the division, that of director of service and parts, goes to Mr. Allen Sheppard, who was managing director of the Parts and KD Division in the pre-Ryder organization.

The men appointed to the three top "staff" jobs in the new division, those of finance, systems and personnel, all have extensive experience outside British Leyland. The finance directorship goes to Mr. Colin Daniel; Mr. John Leighfield becomes systems director and Mr. Geoffrey Whalen becomes director of personnel.

The structure of the new appointments broadly follows that recommended in the Ryder report, although there seem to be two minor changes from the pattern envisaged there. British Leyland has appointed a separate product planning director, Mr. Alan Edis, apart from Mr. King, while responsibility for knocked-down production has been separated from that for parts.

Other senior car division appointments were announced. Reporting to Mr. Davis will be Mr. Alec Sanders, manufacturing staffs director; Mr. Charles Maple, quality director; Mr. Richard Perry, managing director of Power Train and Foundry Division; and Mr. Ian Showan, managing director of Body and Assembly Division.

The deputy director for engineering and development, reporting to Mr. King, will be Mr. Fred Maxwell. Reporting to Mr. Hopkins will be Mr. Trevor Taylor, sales director. Managing director of Parts Division, under Mr. Sheppard, will be Mr. John Egan.

With most of the key posts in the division filled, the difficult task of creating a single car division out of existing separate units will begin in earnest. So far no senior jobs have gone outside the Corporation, though several executives named yesterday joined only three or four years ago; this is in line with the favourable comment in the Ryder Report about the quality of Leyland's middle management.

Appointments are expected to be announced shortly in the International Division, where one of the main posts to be filled is that of director for Europe.

APPOINTMENTS

Sir James Steel to head Furness Withy

Sir James Steel, a director of FURNESS WITHY AND CO., since 1972, will become chairman after the next annual meeting. He will succeed Lord Beeching, who is reducing his business commitments on medical advice and will relinquish the chairmanship and retire from the Board.

Ranson has been appointed as an additional director of that company. Mr. Pickering remains chairman.

Joseph Rochford and Sons has appointed a non-executive chairman, Mr. E. R. Lattimer and the Board includes Mr. A. O. Hunt as managing director, Mr. D. J. White, technical and sales director, and Mr. J. G. Jackson, commercial director.

Mr. Robert W. Boardman has resigned as chairman of BRINTEX EXHIBITIONS and from the Board of all its subsidiary and associated companies to develop private business interests. His responsibilities within the Brintex Group will be handled by Mr. C. P. Garrett.

Mrs. Jane Finlay has been elected co-chairman of the WOMEN'S NATIONAL COMMISSION in succession to Mrs. Joan Boulton, with effect from May 28 for a period of two years. The other co-chairman is Mrs. Barbara Castle, Secretary for Social Security.

Mr. Peter Leslie and Mr. Douglas Horner have been appointed directors of BARCLAYS BANK U.K. MANAGEMENT from June 1. Mr. Leslie continues as a general manager of Barclays Bank and Mr. Horner becomes also a general manager on that date.

On his appointment to the Board of Sears Engineering Group, Mr. Edgar Pickering has relinquished his position as managing director of EDGAR PICKERING (BLACKBURN). Mr. as a subsidiary of Wellworthy, has been re-formed and now operates as Frank Farley has become managing director and Mr. E. M. H. independently. Its shareholder

Mr. Brian L. Allen has joined the Board of BURY AND MASCO (HOLDINGS) and has been elected chairman. Mr. David L. Donne has resigned as chairman and as a director for personal family reasons.

Officers of the ASSOCIATION OF COST AND EXECUTIVE ACCOUNTANTS elected for the coming year are: Mr. S. K. Das Gupta (chairman), Mr. J. Cash (secretary general) and Mr. L. C. Ricketts (treasurer). Major R. G. H. Savory, the past chairman, is a member of the Board.

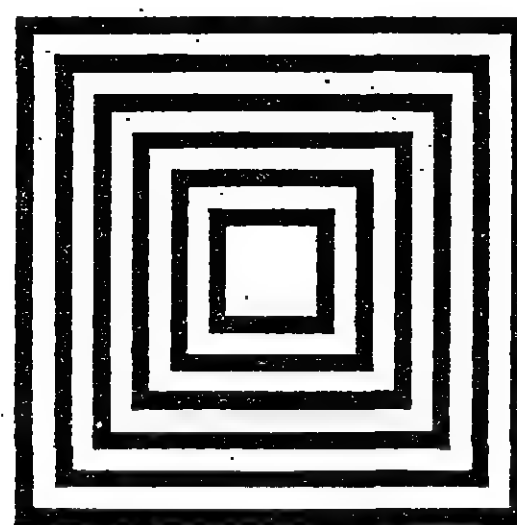
Jensen man to head Meriden

Mr. David Jones has been appointed managing director of MERIDEN MOTOR CYCLE CO-OPERATIVE, near Coventry, formed with nearly £5m. Government aid in February.

At present manufacturing director of Jensen Motors, which he joined some 24 years ago after it was acquired by American millionaire Mr. Kjell Qvale, Mr. Jones begins work at Meriden next Monday. Before coming to Jensen he was for 23 years with Simon Engineering, and previously with Mather and Platt and with Vickers.

He was selected from a considerable list of applicants by the workers' Board of management representing the unions at the factory, which is now completing 250 machines a week with 300 workers.

Sir Henry Mance has been elected president of the INSURANCE INSTITUTE OF LONDON for 1975-76, succeeding Mr. R. K. Bishop. Mr. Julius Neave has been elected deputy president.



CREDIOP

ITALIAN PUBLIC STATUTORY CREDIT INSTITUTE HEADQUARTERS: VIA Q. Sella, 2 - ROME

CONSORZIO DI CREDITO PER LE OPERE PUBBLICHE

BALANCE SHEET AT 31st DECEMBER 1974 (in million lire)

ASSETS

Loans	13,978,011
Securities	6,617
Current Accounts with Treasury, Bank of Italy and other Banks	1,709,073
Sundry debtors and various	581,844
Unamortized Bond Discount	132,391
Other Assets	9,117
Contra Accounts	1,689,971
	18,107,024

LIABILITIES

Capital	15,300
Reserve Funds	267,453
Bonds in circulation: in lire	13,820,755
in foreign currencies	1,245,604
Matured Bonds and Accrued Interest	718,191
Current Loan Commitments	107,639
Sundry Creditors and various	221,274
Other liabilities	16,937
Net Profit	3,900
Contra Accounts	1,689,971
	18,107,024

All of these Securities have been sold. This announcement appears as a matter of record only.

US \$50,000,000

The Broken Hill Proprietary Company Limited

US \$30,000,000 9½% Notes Due 1981
US \$20,000,000 10% Debentures Due 1990

Principal, premium, if any, and interest payable in United States dollars in New York City or in certain cities outside the United States without deduction for or on account of Australian withholding taxes, all as set forth in the Offering Circular. Interest is payable annually on May 1, commencing in 1976.

MORGAN & CO INTERNATIONAL S.A.

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ANDRESEN BANK A/S	ARNHOLD AND S. BLICHERROEDER, INC.	ASTAIRE & CO.
BAER SECURITIES CORPORATION	BANCA COMMERCIALE ITALIANA	BANCA NAZIONALE DEL LAVORO
BANCO DI ROMA	BANK OF AMERICA INTERNATIONAL	BANK GUTZWILLER, KURT, BUNGENER (OVERSEAS)
BANK BEES & HOPFEN	BANQUE ARABE ET INTERNATIONALE D'INVESTISSEMENT (B.A.I.)	
BANQUE DE BRUXELLES S.A.	BANQUE FRANCAISE DU COMMERCE EXTERIEUR	
BANQUE GENERALE DU LUXEMBOURG S.A.	BANQUE INTERNATIONALE A LUXEMBOURG S.A.	
BANQUE LAMBERT LUXEMBOURG S.A.	BANQUE NATIONALE DE PARIS	
BANQUE DE NEUFVILLE, SCHUMBERGER, MALLE	BANQUE DE PARIS ET DES PAYS-BAS	
BANQUE ROTHSCHILD	BANQUE DE SUEZ ET DE L'UNION DES MINES	BANQUE DE L'UNION EUROPEENNE
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CITICORP INTERNATIONAL BANK	COMMERZBANK	COMPAGNIA FINANZIARIA INTERMOBILIARE S.p.A.
CREDIT COMMERCIAL DE FRANCE		CREDIT INDUSTRIEL D'ALSACE ET DE LORRAINE
CREDIT INDUSTRIEL ET COMMERCIAL	CREDIT LYONNAIS	CREDIT DU NORD ET UNION PARISIENNE
CREDIT SUISSE WHITE WELD	CREDITANSTALT-BANKVEREIN	CREDITO ITALIANO
THE DELTA BANKING CORPORATION	DEN DANSKE LANDMANDSBANK	DEN NORSKE CREDITBANK
DEUTSCHE BANK	DEWAAT & ASSOCIES INTERNATIONAL S.C.S.	DILLON, READ OVERSEAS CORPORATION
DRESNER BANK	EUROPEAN BANKING COMPANY	FINACOR
GUROZENTRALE UND BANK DER OSTERREICHISCHEN SPARKASSEN	GOLDMAN SACHS INTERNATIONAL CORP.	
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SAMUEL MONTAGU & CO.	MORGAN GRENELL & CO.	NATIONAL COMMERCIAL BANK
THE NIKKO SECURITIES CO. (EUROPE) LTD.	NOMURA EUROPE N.V.	SAL OPPENHEIM JR. & CIE.
ORION BANK	PETERBROECK, VAN CAMPENHOUT SECURITIES S.A.	PICTET INTERNATIONAL
PIERSON, HELDRING & PIERSON	POST-OG KREDITBANKEN, PKBANKEN	PRIVATBANKEN
N.H. ROTHSCHILD & SONS	BOWE & PITMAN	SALOMON BROTHERS
J. HENRY SCHRODER WAGG & CO.		SCANDINAVIAN BANK
SKANDINAVISKA ENSKILDA BANKERN	SMITH, BARNEY & CO.	SOCIETA FINANZIARIA ASSICURATIVA
SOCIETE GENERALE	SOCIETE GENERALE DE BANQUE S.A.	RAS GROUP
SVENSKA HANDELSBANKEN	SWISS BANK CORPORATION (OVERSEAS)	STRAUSS, TURNBULL & CO.
ULTRAFIN INTERNATIONAL CORPORATION	UNION BANK OF SWITZERLAND (UNDERWRITERS)	
VEEEN-UND WESTBANK	J. VONTobel & CO.	S.G. WARBURG & CO. LTD.
WARDLEY	WESTDEUTSCHE LANDESBANK	YAMAICHI INTERNATIONAL (EUROPE)
	GUROZENTRALE	

New Issue

This Advertisement appears as a matter of record only

May 2, 1975

SOCIETE MARITIME FINA S.A.

Paris

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Energy loan scheme may be extended

Financial Times Reporter

THE GOVERNMENT is considering the possibility of extending the loan scheme to finance energy-saving investment by industry.

This was disclosed in the Commons yesterday by Mr. Eric Varley, Secretary for Energy, when he told MPs that industry has shown considerable interest in the scheme and that several hundred inquiries had been received.

"The initial applications are still being processed," said Mr. Varley, "and consequently no funds have yet been advanced. I am considering the possibility of extending the scheme and also the need for further publicity but have no firm plan at the moment."

Mrs. Hart: I won't resign if verdict is Yes

ANTI-MARKETEER Mrs. Judith Hart, Minister for Overseas Development, yesterday stated that she would not resign if Britain voted to stay in the European Community.

Mrs. Hart was explaining in the Commons that if Britain remained in the EEC she would continue to press her European colleagues to extend the aid to the poorest countries when Conservatives shouted "Will you resign?"

Mrs. Hart replied: "Of course I will not resign. Those of us who believe profoundly in the principle of consulting the British people will, of course, abide by the decision the British people make."

'Slimming' at Burmah Oil

IN A WRITTEN reply in the Commons yesterday Mr. Eric Varley, Secretary for Energy, gave some details of the "slimming down" of Burmah Oil operations which he described as an inevitable part of the reconstruction of the company's activities.

He told MPs: "I am informed that the company has asked its American financial advisers to seek firm offers for its American assets; that it has reached agreement in principle with the Ethyl Corporation for the sale of Edwin Cooper; and that the closure of the Birmingham research facilities has been agreed with heavy and rising costs, but research and development will continue in the company's other establishments."

Advertisement by Air Vice-Marshal Don Bennett, Denham Green Lane, Denham, Bucks.

The Common Market

1. A COMPLEX QUESTION? No: It is simple: Do we consent to Foreign Rule? Do we want self-government as a great independent nation, or do we want to be governed as a province of the EEC by Commissioners and a Council of Ministers, predominantly foreign, in Brussels?

2. TRADE. Do we want to continue our gigantic Adverse Balance of Trade with the EEC (over £2,000m. a year)? Do we want to antagonise 80% of our trading partners throughout the world by erecting the Common Market tariff barrier against them?—Or do we want to be free to trade where we choose?

3. POLITICS. Do we want to lose the whole of our own individual influence as a nation, which is still great, in order to enhance the status of Europe which would then function largely outside our control? Do we want to merge with France, Germany and Italy, with their substantial Communist parties, and probably with East Germany (if the joins), with 100% Communism? Chairman Mao told us, during Mr. Heath's visit that it would be wonderful for Communism if we were to be taken over by the EEC!

4. THE ETHICS. To be merged with Germany, France and Italy would constitute a grave dishonour to those who have died to preserve our freedom and independence. Such a take-over by these powers would destroy many of our nobler traditions. Have we no honour?

5. DEFENCE. The worth of the EEC as a defence bloc can be seen by the fact that France is not even a member of NATO—proving once again her unreliability as an ally! In any case if the EEC were to succeed in becoming an effective defence bloc she would then constitute a threat to the two great powers and would thus add to the risk of war—and to fight a major conflict, with virtually none of the strategic materials of war (which are mostly within the British Crown Commonwealth) would be suicidal. Treaties with Europe were the direct cause of the last two World Wars.

6. FOOD. We have already observed the insanity of the EEC with their sales of butter mountains and beef mountains at cheap prices to Russia, while our prices go on rising. The EEC Intervention Boards in the Community are destroying foods to keep prices artificially high and our housewives suffer. Previously bought on the cheapest world food markets in New Zealand, Australia, Canada, U.S.A. and the Argentine but the EEC prohibits such freedom. Are we crazy?

7. IS IT NOT TOO LATE? ARE WE NOT IN? What a mentality! If you are in a mess you get out quickly. In any case we would not be in until 1978. Save Great Britain's freedom now—before we are ruined financially and politically.

8. THE ALTERNATIVES. We will revert to our role as a world power without erecting the EEC Common Market tariff barrier against our trading partners. We will be members of EFTA and the 14-nation Council of Europe and we will rebuild our position with the British Crown Commonwealth. We will once more be GREAT Britain—Independent, but surrounded and supported by our kith kin, and by our good friends, world wide.

QUOTE FROM WINSTON S. CHURCHILL

"We are with Europe, but not of it. We are linked—but not comprised. We are associated, but not absorbed. And should European Statesmen address us and say, 'Should we speak for them?' We should reply: 'NAY SIR, for we dwell among our own people.'"

• 1971

Benn swoops in style

By Philip Rawstorne

FOR SOMEONE whose wings had been clipped, Mr. Anthony Wedgwood Benn swooped on the Tories in the Commons last night remarkably like a hawk among sparrows.

The Opposition, expecting a sitting duck, were soon sharply aware of their mistake. Mr. Benn had come to cut the Commons debate on the Industry Bill, and "did so with a comfortable majority of 24 (290-266) for the Government's 'guillotine' motion."

But the Industry Secretary, warmly encouraged by a gaggle of Labour Left wingers, also showed that it takes more than the loss of a few feathers to ruffle his political assurance let alone put him down. The Industry Bill, said Mr. Benn, was a central feature of the Government's policy and was urgently needed to safeguard jobs and stimulate investment.

"Cuckoo" cried a few Tories—or words to that effect. But Mr. Benn, flying rings around them, quickly reduced them to silence.

This legislation was the nestling of the whole Labour movement, he said, under the eyes of both Mr. Michael Foot and Mr. James Callaghan. All the Government took pride in it. Even Mr. Harold Wilson, he added mischievously, had called it "radical, realistic and relevant."

"Any amendment there might be about this being a Bill that divides the Government is wholly misplaced," Mr. Benn declared.

Far from laughing, the Tories were soon

shouting in protest, as Mr. Benn, accusing them of "rank hypocrisy" said that the Government had hatched legislation which made far greater demands on industry.

If industry lacked confidence in the Bill, it was the lies and distortion of the Opposition that had undermined it. Mr. Benn claimed. The Government, he announced, was ready for further talks with the CBI and the TUC.

Dispersed in some confusion, the Opposition never recovered. Mr. Michael Heseltine, the Conservative spokesman, insisted defiantly that there was a "major conflict" in the Cabinet about the Bill—but Mr. Bob Mellish, the Government Chief Whip brightly denied it.

So long as Mr. Benn remained Industry Secretary, the prospects for British industry remained gloomy and depressing, said Mr. Heseltine. Industrialists were at their wits' ends, he added—nearing the end of his, as he sought in vain to disturb Mr. Benn's preening.

Mr. David Crouch also tried from the Conservative backbenches. "My shots are peashooters compared with the 15 inch guns of the Prime Minister," he admitted finally. And little impression they had made.

Mr. Eric Heffer, the former Minister of State for Industry, hovering on the back benches, added a warning to the Prime Minister that even heavier guns would be brought against him if there was any deal with the CBI to end Mr. Benn's free flight.

Tory backbench MPs fail in sterling debate bid

By Justin Long, Parliamentary Correspondent

ATTEMPTS BY Tory backbenchers to use special procedures in the Commons to get a statement from the Chancellor or an emergency debate on sterling, were rejected yesterday by the Speaker, Sir Selwyn Lloyd, with an implied rebuke over the effect of such tactics.

Mr. Lloyd, himself a former Chancellor, told the Commons he held "strong views" about the wisdom of such questions affecting sterling.

The Tory MPs concerned, explaining how they had put down the questions under the emergency notice procedure for answer by the Chancellor, complained that their intention had been "leaked" and had appeared on the agency tapes.

As they did so, Labour MPs shouted their disapproval of the debate on the fall in the value of the pound, Labour backbenchers called out, "Shame!" and "Disgraceful!"

When another Tory backbencher, Mr. Ian Gow (Eastbourne), capped the exchanges by calling for the resignation of the Chancellor, the Speaker intervened, saying that the value of the pound, Labour backbenchers called out, "Shame!" and "Disgraceful!"

Mr. Lloyd, turning the application down, said: "It would not be right for me to say exactly what I think of it."

Mr. Gow, in calling for the debate, added that the Chancellor should take emergency measures to restore national and international confidence in sterling.

He maintained that Mr. Harold Wilson, the Prime

Minister, had given an impression of great complacency in his broadcasts the previous day. Yet the pound had fallen further, even though Mr. Denis Healey, the Chancellor, had said last week that he did not want to see a greater depreciation of the currency.

Mr. Gow argued that the country would be bewildered if the Commons did not debate the matter. It was important that Britain and the world should see that the Government had stopped "fiddling while the currency is burning," he added.

Earlier, Mr. John Biffen (C. Oswestry), said that he and two other Tory MPs, Mr. Nicholas Ridley (Clarendon and Tewkesbury) and Mr. Edward Taylor (Cathcart), had sought to table private notice questions about the need for a statement from the Government on sterling.

Only after he had done so had he discovered that the other MPs had also applied for similar questions to be answered. All three applications had been rejected by the Speaker, Mr. Biffen indicated.

But instead of that being the end of the matter, somehow the news of it had "leaked" and appeared on the agency tapes. Mr. Biffen assured the House that he had not communicated this to anyone else, and he was therefore driven to the conclusion that the information must have been divulged by the Treasury.

He said that an investigation should be made into the "leak."

On the procedural matter about prior disclosure that application had been made for a Minister to answer a private notice question, he said he did not know about the other two applications.

The Speaker said he would not go into the matter of such questions being tabled on sterling, because of his "strong views" on whether or not they were helpful. "I will say no more," he added.

On the procedural matter about prior disclosure that application had been made for a Minister to answer a private notice question, he said he did not know about the other two applications.

He was aware of the seriousness of the point Mr. Biffen had raised.

In a statement to the Press after these exchanges Mr. Biffen called for a mini-Budget of spending cuts.

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We'll find an oil chief, says Varley

By John Hunt

THE CONSERVATIVE Energy spokesman, Mr. Patrick Jenkin, today said that the Government has been told that it is not possible to find a person to take on the job of chief executive of the British National Oil Corporation on the terms offered.

The claim was immediately denied by Mr. Eric Varley, the Energy Secretary, answering questions in the Commons. But despite the denial the Conservatives are still not satisfied and are likely to raise the matter again at to-day's meeting of the Commons Standing Committee on the Petroleum and Submarine Pipelines Bill.

Mr. Jenkin asked how long it was since Ward Howell, International, the employment consultants, had been asked by the Government to find a chief executive for the corporation.

He said that Ward Howell had now advised the Government that the proposed management structure of BNOC was "wholly misconceived" and there was no chance of finding a chief executive on the terms laid down by the Department of Energy.

In reply Mr. Varley said that the Ward Howell report was confidential and he would like to know where Mr. Jenkin had obtained his information.

"I cannot tell in any case you have been misinformed," the Secretary of State went on. "That is not the case. There are people who have said that they would like to take on this job."

He predicted that there would be no difficulty in finding somebody who fully supported the concept of the Corporation.

In the Commons exchanges Mr. Jenkin did not elaborate on his allegation that the difficulty has arisen over the management structure. However, the Conservatives believe that the trouble lies in the fact that the corporation will have a powerful chairman and that the chief executive will be subordinate to him.

According to the Tories the search for a candidate has gone on for some months but no senior personality in the oil industry has been prepared to take the job on these terms.

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By John Hunt

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This was done at a Press conference, called by Mr. Eric Heffer, Mr. Anthony Wedgwood Benn's Minister of State, and dismissed by Mr. Wilson, for making an anti-Government speech in the Commons EEC debate.

Mr. Heffer, who is increasingly being regarded as Mr. Wedgwood Benn's spokesman on the EEC steel controversy—he is believed to have taken the place of a co-Mr. Wedgwood Benn at a Press conference last week on this subject—said: "The redundancies in the British Steel Corporation announced recently by Sir Monty Finiston could be the direct result of the EEC Commission's intervention in the British steel industry's affairs."

After quoting from several bulletins of the Agency Europe in Brussels, he added: "It would appear that some unofficial agreements have been entered into by the Commission and some members of the British Government."

"I would like to ask the Prime Minister, is it true, as rumoured, that some Government Ministers (pro-Marketeers) have met Commissioners and agreed that the Commission should take a soft line while the referendum campaign is going ahead. Also, have the steel industries, particularly the British representatives, had their arms twisted by the Com-

mission to order the BSC to cut steel production?

This point was countered at the weekend by pro-Market Ministers and by George Thompson, a British Commissioner in Brussels, who said the Council could only act under Article 58 by unanimous agreement. Mr. Wedgwood Benn and the British Government would therefore have power of veto.

Yesterday, however, Mr. Heffer quoted from an Agency bulletin dated April 28 saying: "The idea of using the procedures of Article 58 floated a few weeks ago stands no chance of being considered in the present circumstances." The Commission will then have to make use of other possibilities open to it.

A further bulletin on May 1 four days before Sir Monty Finiston's announcement said: "The Commission is taking measures which do not require intervention by the Council Ministers."

Mr. Heffer then claimed that the BSC had "genuinely" lost control of its overall policy as a result of the Commission's steel industry, that could expand and create jobs instead of losing them it was essential that Britain withdrew from the EEC.

A claim that the Commission would enable the British Marketeers to keep Britain inside the European Community because they had "absolutely no power to declare a 'manifest' crisis" as North Sea oil reserves were already demanded by Mr. Frank Aldrich, added Mr. Wedgwood Benn, would enable the Commis-

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The Financial Times Tuesday May 13 1975

Heffer attack on Market steel role

By John Hunt

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This article gives the Council of Ministers

الجزيرة

The Executive's World

EDITED BY JAMES ENSOR

Colt International, a small company, has made a considerable success of its Common Market operations. Its continental employees seem to approve, too, for as one told James Ensor,

In a German company there would be 3 or 4 doors

Colt International, whose return on capital employed reached 25 per cent, is the first of its kind in the first half of the year. Colt was fortunate when it decided to enter the Dutch market, that it already had a Dutch partner, Mr. Adrian van der Sluis, European Referendum. For on its British staff, he had Colt, which builds factory ventilating systems—one of which has just won a Design Award. He has become heavily committed to Europe since its first tentative steps on to Continental soil in 1968.

Colt's experience—enormous success in the Netherlands and Germany—relatively little progress in Belgium and France—illustrate just how a small British engineering company can take advantage of the 250m. people in the Common Market to widen its sales horizons. It also demonstrates some of the pitfalls which could be avoided by those who absorb the lessons from Colt's few mistakes.

Advertising

An aggressively market-oriented company, with a line of highly amusing advertising—the latest shows two ladies spending their time in the factory—is so bad—Colt has long been aware of the potential to be had from the Continent. The company, still controlled by trusts of the O'Hea family and managed by Mr. Alan O'Hea, the son of the original founder, has grown rapidly. In 1960, turnover was only just over £1m., but by 1968, when it had grown to £4m., Colt was already earning 15 per cent. of its sales from its small Dutch and German companies. By last year, the Netherlands and Germany were contributing 58m. out of group sales of just under £17m. Profits, a mere £128,000 in 1960, had risen accordingly to £1.5m. by 1974, with the pre-tax

Germany

Mr. van der Sluis, fluent in German as well as English, is now managing director of Colt International GmbH, the German subsidiary after relinquishing the managing directorship in Holland to another Dutchman, Mr. Andre Konings.

Colt started in Holland as a joint venture company with Braat Bouwstoffen, a Dutch public company marketing building materials. The combination of the existing Dutch marketing knowledge and customer contact with the British technical expertise proved highly successful.

Thanks to its Dutch partners Colt took off in Holland, making a modest profit right from the start—an achievement which Mr. O'Hea admits would have been totally impossible in a solo venture. With its own Dutch management, Colt began to take the preponderant share in Colt International BV, which its Dutch partner came to regard increasingly as a trading investment.

The move into Germany was accomplished through a brilliant strategic plan. Colt moved its £128,000 in 1960, had risen accordingly to £1.5m. by 1974, with the pre-tax



Mr. Alan O'Hea, chairman of Colt International and managing director of the holding company

a plant in Germany at Kieve, just a few miles across the border from Cuijk. Both plants are able to reach either plant within about three hours of the main Havant operation in Britain, by using the company's Piper Astec aircraft which puts down at an ex-Luftwaffe base at Deelen, in Brabant.

But more important, it was able to run the two plants as a single venture, with Mr. van der Sluis, who still lives in Arnhem managing both and

It'll take more than Tony Blackburn to get them out of here.



Colt has been using local variants of its witty advertising in Germany and Holland

though to-day German sales are refused to accept metres. The German company runs on Today, all but five of the 185 German lines with a works people employed at Kieve are council and a Supervisory Board—though this is largely is Mr. van der Sluis and the rest are temporarily expatriated Britons) and all but three of the 132 Cuijk employees are Dutch.

One of the major management philosophies of the Colt Group, insisted upon by its managing director, is real decentralisation

Payments systems in all three of decision-making. Thus the companies are based on common Dutch and German plants are parative local norms. For permitted to make and market example, the German employees different products suited to local earn about 10 per cent. more conditions, which do not have than the Dutch, and both earn to match Havant standards pre-almost twice as much as the cially. The company has few British—though all the Colt men problems with co-ordination, agree that the British plant—because it converted to metric which is the biggest—has the measures in the vanguard of highest output per man. British companies—and then Managers and secretaries, too, had to change back temporarily are paid at local standards, so because its British customers that, for instance, a British sec-

retary transferred to Cuijk was paid at the rate of £2,500 a year, much more than she could expect in Havant.

Great efforts are made to integrate and align the management styles of the three companies, without in fact dragging the Continentals into accepting British standards. For instance, the accountants meet regularly for an exchange of ideas, and the superior British ideas of management accounting are gradually being infused into the other two operations.

Most of the Dutch and German employees are expected to learn English, and many are sent for a year or eighteen months to Havant to improve their knowledge. So far, the reverse programme of teaching Britons German (Dutch is not even attempted) has been less successful, although there are a handful of Britons—some in quite junior capacities—working at Kieve and Cuijk.

Occasionally, British methods tend to grate on the established systems of management and society in Holland and Germany. The Germans with their formalised system of Du and Sie and the use of Herr and Frau between members of the same office have found it difficult to adjust to the familiar British use of Christian names. But they like the fact that they can buttonhole Alan O'Hea and argue with him about problems—something which would be out of the question in a formal German business environment. The absence of the traditional German dichotomy between technical and sales staff, with each working independently and at cross-purposes was also much commented upon.

Problems

Other problems, of course, do arise and although many of them sound very minor, they are just the sort of thing which in an international company can arouse national passions. The standard issue for senior personnel in Britain is a Rover; German employees often prefer the BMW—which is actually cheaper in Germany than the Rover, as well as being better supplied with parts. But in Britain, where the BMW is very expensive, it was hard to accept that a middle manager should have one.

Again, Colt admits to an error in the appointment of its first managing director in Germany, a nominee of the Dutch partner Braat, who had to be asked eventually to find alternative employment. Braat itself was bought out a few years ago for £700,000—a rather handsome return on its original £2,500 investment and an expensive purchase for Colt.

But Alan O'Hea is adamant that seeking the right local partners is the only way for small British engineering companies to succeed on the Continent. He points to the case of a pump manufacturer, whose Dutch agent profits hugely from the fact that prices for the identical product are twice as high in Holland as Britain, and explains that it is vital to have a joint venture operation with some local manufacturing or assembly.

Euro-Bridge

In pursuance of this policy, Colt is offering a Euro-Bridge to British engineering companies, perhaps in the form of a joint venture, by offering land on its Kieve estate and access to its German selling network for a suitable joint venture partner. It is in effect, would fulfil the role which Braat carried out for Colt.

Everybody, Germans, Britons and Dutch seems to have learnt from the Colt venture and to be happy with the results. The hard-headed German employees point out straightforwardly that they would have left by now if they had not been. The operator style of British management—in a German company you would have to pass three or four doors before meeting the managing director—says one German, is much appreciated. So is the system of promotion on merit—by the young for the older Germans find it hard to accept that a young "high-flier" may be promoted over their heads.

But the British too, can learn from the democratic systems of works councils, and the progress particularly in Holland in keeping the workforce informed and motivated about what the company is doing. Boards in the office and plant record new orders and a permanent photographic exhibition outlines past successes.

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BP IN HUNGARY

Eastern promise?

BY PETER FOSTER

MARKETING MEN who cast an entrepreneurial eye over trading possibilities with East European countries tend to recall at the positive labyrinth of bureaucratic controls and currency problems facing them. Grandiose schemes such as the £1,000m. trade credit agreement signed recently between the U.K. and Russia are accepted almost unanimously as a step forward, but, once the comforting vagueness of global figures has evaporated, the man on the spot behind the Iron Curtain finds himself ensnared in red tape and faced with the tricky problem of whether he wants to be paid in timber or strawberry jam for his products.

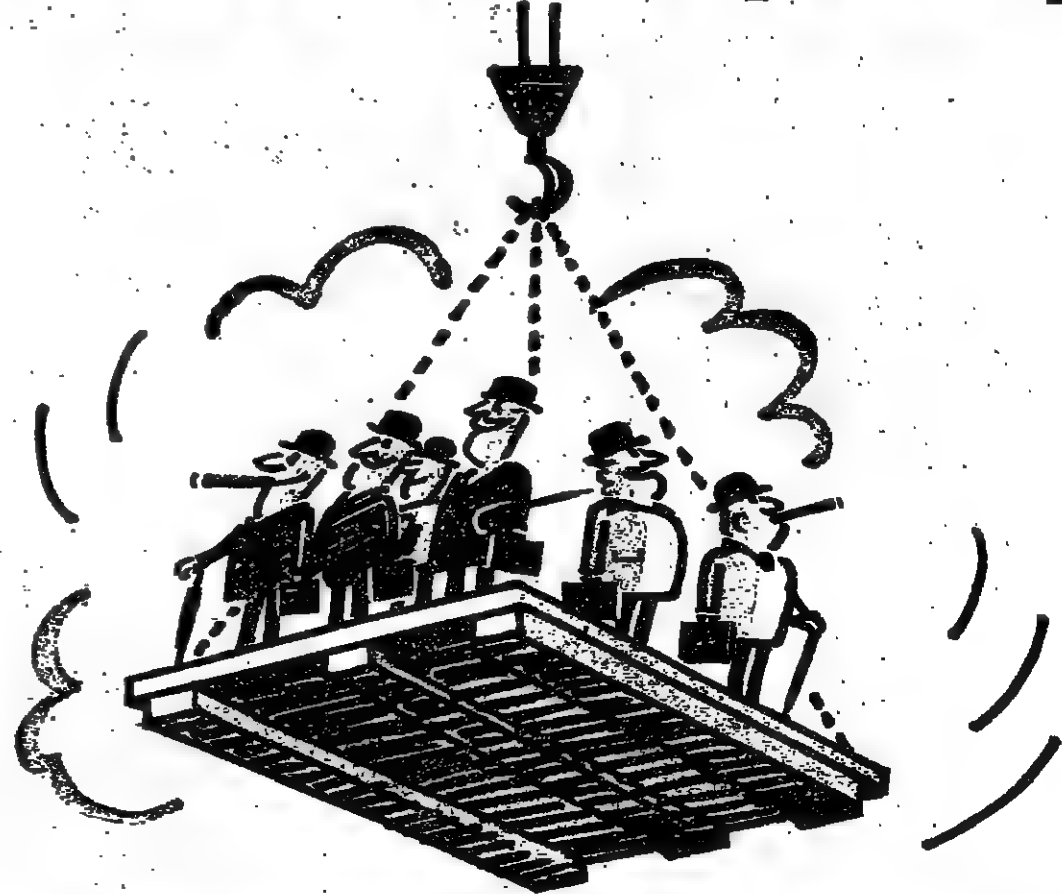
The experience of British Petroleum in Hungary over the last few years provides both a cautionary tale and an object lesson in the frustrations of dealing with Comecon countries. BP was invited by the Hungarian state oil enterprise AFOR early in 1969 to co-operate in setting up a small chain of petrol and service stations. In 1972 an agreement was signed under which AFOR was to build 5 BP service stations and 5 filling stations over a 5 year period. BP was to make a contribution of £20,000 towards the cost of each station, although they were to be owned and operated through AFOR. In return, BP was to sell its lubricants both at the new stations and at AFOR's existing 86 sites throughout Hungary, and was also to receive a royalty on petrol sales, although the petrol would be supplied domestically.

Now, more than half-way through the prescribed quinquennial period so beloved of socialist planners, just three stations are in operation. Another two have, according to BP, been "virtually completed" but the Hungarian State bureaucracy has dragged its myriad feet in granting permits for the hydraulic lifts needed in the service bays, and there is no indication of when the sites will come on stream. The other five sites remain glimmers in a bureau's eye.

Mr. S. J. Mills, BP's area co-ordinator for Eastern Europe admits: "This is extremely frustrating, but we have learned to be patient." In addition, motor oil sales are going far from well, perhaps not surprisingly, since BP's Super Visco Static costs around 58p a pint whereas the Hungarian multi-grade, AFOR Multi Super, costs the equivalent of 40p. Visitors to the new BP stations will be initially impressed by the fine displays of BP lubricants, but then you notice that the displays look so neat because they are untouched. It is the domestic oil kept in boxes beside the pumps which gets sold.

Moreover, for a U.K. garage owner, buffeted by a decline in sales and forced to take part in the marketing war which is now raging, Hungary would present some form of Utopia. No Green Shield stamps, no cut prices, no promotions, and you don't even need a canopy because the motorists have nowhere else to go. BP believes, or at least publicly declares, that the investment is still worthwhile. In the words of Mr. Mills: "It presents a unique opportunity to establish a BP presence in a Socialist country for at least 20 years—that being the length of our arrangement with AFOR." It must always be borne in mind that the actual capital investment is, after all, small, but for Mr. Mills and others like him, it could prove to be 20 years hard labour.

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TUESDAY, MAY 13, 1975

Riding the storm

A VARIETY of business indicators are due to be published this week, the most important of which are likely (for one reason or another) to be discouraging and will no doubt seem doubly so in the present, highly nervous state of markets. Yesterday's bumpy, at any rate, was little more successful than the Prime Minister's first side chat in reassuring the exchange market, where the pound slipped sharply further.

None of yesterday's figures, in fact, throws much new light on the present economic situation. The index of retail sales for March has been revised heavily down from the original estimate, so that the total volume of sales in the first quarter of 1975 now appears to be much the same as in the final quarter of 1974. But the trend here, with personal saving running at a relatively high level and spending therefore apt to fluctuate from month to month, was distorted at the beginning of the year by the buoyancy of the annual sales and has since been distorted by heavy buying of household durables before and immediately after the Budget. The indices of wholesale prices for April show a more consistent movement. Input prices of raw materials beginning to edge up again (in part because of a lower sterling exchange rate) and output prices still rising—mainly because of higher labour costs—at an annual rate of well over 20 per cent. There is no reason to expect an early slackening in the rate of inflation.

Wage increases

The harm which the present excessive rate of wage increases is causing to the competitive position of U.K. exports, and therefore to sterling, is only emphasised by the latest index of industrial production, which shows a further drop in both overall and manufacturing output for March. The figure is not only old but provisional, but it general impression left is that industrial production has been falling, though at a varying rate, ever since last summer. The steady rise in wage rates to which has accompanied this fall in output is the kernel of the

Commercial realities at Chrysler

THE DISPUTE at Chrysler, which the men have decided to continue despite the offer of a "new deal" unveiled by the company last week, is a reminder that the use of brute industrial strength is not confined to the public sector of industry. The workers at the plant concerned—the Stoke engine factory in Coventry—have considerable bargaining power because they supply engines for the Chrysler range of vehicles and for the Iran assembly contract which is so crucial for the company's future. They have gone on strike in order to force the company to commit itself immediately to at least an £8 per week opening offer—the claim is for £13—to take effect when the current wage agreement expires at the end of June.

Competitors

The strike puts the company into a difficult position, as it was intended to do. Because the supply of components has been so unreliable in the past, Chrysler has come very close to losing the Iranian business. The company has a privileged position in one of the world's most attractive vehicle markets; several of the strongest overseas manufacturers have been trying hard to displace Chrysler and any further interruptions to supply can only strengthen their hand.

Thus the pressure on the company to concede the demand and get production rolling again is strong. But quite apart from the long-term damage that could result from another concession under duress, can the company afford it? Anything conceded at Stoke is likely to spread quickly to the rest of the company's factories: in view of the company's commitment to bring wage rates at other factories up to Coventry levels by mid-1976, the cost of the concession will be very high. Yet the company lost £18m. last year and is continuing to

lose money at the same rate.

Since it bought control of Rootes in the mid-1960s, Chrysler has spent large sums of money in the U.K. with very little return. Whatever the reasons for the poor performance—and no doubt management must take a large share of the blame, just as in British Leyland—there must come a point at which it no longer makes sense for the U.S. parent to pour good money after bad. Given the financial difficulties of Chrysler in the U.S. and the generally gloomy outlook for the world's motor industry, that point is probably closer than ever before.

It is true enough, as the strikers say, that the company's plans for worker participation and for new U.K.-built models are not directly relevant to the wage claim. But the fact is that Chrysler is in no state either to sit out a long strike or to concede large wage demands and the company has now made some constructive proposals which could safeguard the future. It is not unreasonable to look for some constructive response from the employees.

More reliable

It is difficult not to suspect that the Government's recent decision to bail out British Leyland has encouraged the Chrysler workers to think that they, too, will in the end be rescued, perhaps becoming part of the nationalised British motor industry. Yet the more realistic among them must be aware that even the Government's purse is not bottomless. Moreover there is nothing the Government can do to preserve the Iranian business if the authorities there decide to switch to a more reliable supplier. Whether Chrysler survives in the U.K. in anything like its present form will depend on commercial realities: these realities are at present being ignored.

IT CAME as little surprise that the report into the Flixborough chemical works disaster, published yesterday, should touch on the larger question of safety in major processing complexes. Few companies building and operating large chemical plants could have expected to escape the wave of public concern which, inevitably, came in the wake of Flixborough.

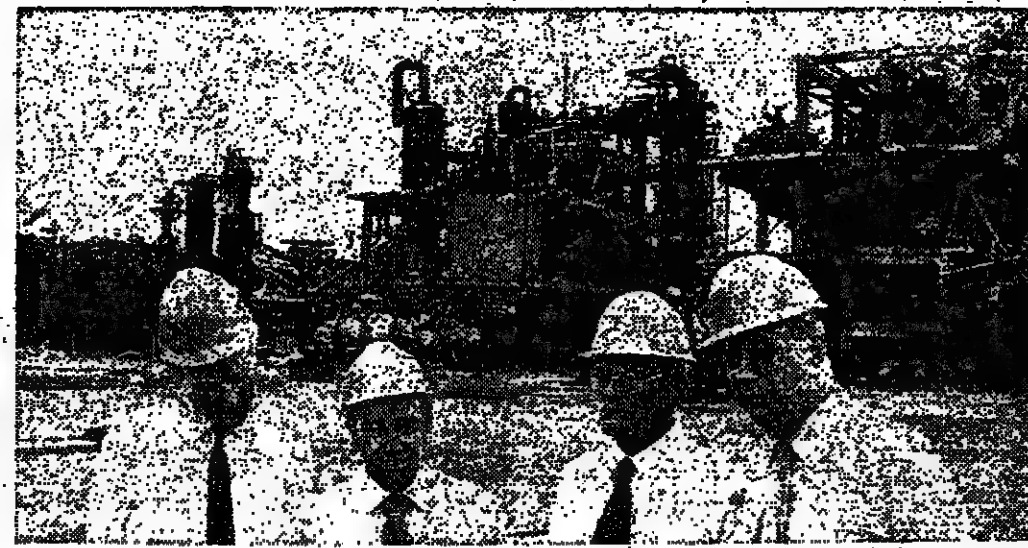
It takes a catastrophe to focus public and political attention on safety precautions. The chemical industry prides itself on its accident record, pointing out that employees face more danger crossing the road and travelling to work than operating the potentially hazardous processes. Yet the industry is also the first to admit it cannot guarantee absolute safety, particularly when at least 55 per cent of accidents in it can be ascribed directly to human errors.

Death toll

Flixborough is unfortunate testimony to that admission, which is re-emphasised in the report itself. In the space of a few nightmare seconds, a blast ripped through the pipes and reactor vessels of Nypro U.K.'s caprolactam plant near Scunthorpe, transforming the site into a blackened, grotesque battlefield of twisted metal and debris. Widespread damage was caused to almost 2,000 houses and shops in villages several miles away; a local catastrophe of "warlike dimensions" in the words of the report. In those few seconds on a Saturday afternoon in June, 28 men died—the industry's normal three-year death toll—and many more were injured. Had the accident happened on an ordinary working day the death and injury toll would probably have been much greater.

The level of public concern soon became obvious. The hasty closure of a Bristol tax works because of a leak—later found to be harmless—illustrated the general level of uneasiness surrounding chemical works. This suspicion was kindled again when there was an explosion at Laporte Industries' plant at Lifford on April 5, when one man died. Numerous public protest meetings have followed and an inquiry has been ordered by Mr. Bill Simpson, chairman of the new Health and Safety Commission.

Mr. Simpson was one of the panel of four who sat through the Flixborough inquiry; one of the longest, costliest and most complicated hearings of its kind held in the U.K. It lasted 70 days, took some 2,500 words of evidence from 171 witnesses and was assisted by no less than 17 counsel, which gives some indication of the importance attached to the inquiry by the



Above: The four members of the Court of Inquiry pictured during a visit to the Flixborough site last July, a month after the disaster. From left, Dr. John Davidson of Cambridge University, Mr. William Simpson, chairman of the Health and Safety Commission, Court chairman Mr. Roger Parker, QC, and Dr. Joseph Pope of Aston University. Below: 11 months on, a solitary house still stands in ruins in Statter Road, which was virtually destroyed by the blast.



Government, industry trade unions and local authorities all of whom were represented.

The 56-page report—an impressively readable summary of the evidence—gives some comfort to process industries in that it pinpoints the cause of the accident as being a failure in a temporary by-pass pipe, linking two reactors on the cyclohexane oxidation plant. This pipe had been erected with "no proper design study, no proper consideration of the need for support, no safety testing and no reference to the relevant British Standard."

Although this is an indictment of the Nypro management—which comes in for a good deal of criticism in the report—it does dash the alternative theory that the explosion was triggered by a more fundamental error in the process system. If this had been accepted—and the theory was no more than "superficially credible," says the report—process industries in general would have been forced to re-evaluate the design of many of their

of a well-designed and constructed plant.

Several references are made to the inadequacies of the management structure, and in particular its weakness on engineering matters. Technical decisions had been taken by people who, unwittingly, were not qualified to take them. At the time of the installation of the by-pass pipe, the key post of works engineer was vacant. The report goes on: "None of the senior personnel of the company, who were chemical engineers, were capable of recognising the existence of what is in essence a simple engineering problem, let alone solving it."

It adds that the company should have provided for a more effective feedback from bottom management to carry out their responsibilities and for top management to have a clear understanding of individuals and "the magnitude and type of demand made upon them."

These criticisms must have made uncomfortable reading for the Nypro Board, which was studying the findings in a London hotel yesterday.

On the other hand, it was recognised that Nypro was safety-conscious, and that the plant was favourably sited away from built-up areas (unlike many chemical plants in Britain). Even so, the report goes on, "the fact that the explosion at Flixborough did take place shows that by accident, mishap and misadventure the stage was unconsciously set for disaster."

This is where the four-man committee of inquiry, headed by Mr. Roger Parker, QC, makes observations on increased safety measures which could affect all companies involved in hazardous processes.

For instance, it regards the existing regulations relating to the storage and use of hazardous materials as unsatisfactory. The report points out that when the disaster occurred on June 1 last year, Nypro was storing 330,000 gallons of cyclohexane, 66,000 gallons of naphtha, 11,000 gallons of toluene, 26,400 gallons of benzene and 430 gallons of gasolene. The only licences granted by the local authority under the Petroleum (Consolidation) Act covered 7,000 gallons of naphtha and 1,500 gallons of gasolene although, in theory, all the potentially dangerous materials should have been covered. "It is clearly useless to have a licensing system which is so ineffective that it can lead to such results," says the report.

Process industries also expect the siting and building of plants to be brought under a more central control, possibly through a licensing system on the lines of nuclear power stations. The Health and

Warning for the future

In essence, the report gives the impression that the chemical industry would be unwise to consider the Flixborough disaster as an isolated incident: it was a warning of what could happen again at a number of sites. Nevertheless, the committee found it impossible—and undesirable—to assess the current level of social tolerance in relation to risk within the chemical industry.

What is clear is that chemical companies, and other industries involved with hazardous materials, must expect new legislation and guide rules in the light of the experience of Flixborough. Laporte's floor explosion, and other recent accidents in the chemical industry, the report points to the possible conflict this might cause. The chemical industry, it says, is finding a number of factors taking place simultaneously. On the one hand technological improvements and increased experience should make for a continual increase in safety. But on the other hand new processes and increases in the scale of operations can, to some extent, reduce the benefit of experience and impose problems differing not only in magnitude but also in kind.

This, the report says, is one of the lessons to be learned from the Flixborough disaster.

MEN AND MATTERS

Handling the tin turmoil

Harold Wilson put his faith in new international commodity agreements at the Commonwealth conference last week. So it is ironic that the tin market, which has about the only really effective world pact, is in turmoil, particularly as Eastern rubber producers have just formulated an agreement based on the system for tin.

This has been operating since 1971 partly on an initial £27m. buffer stock to keep prices within a selected range. And it was to keep up confidence in the system that the International Tin Council called together the heads of delegations from 29 member countries of the International Tin Agreement. There are seven producer States, the rest are the main consumers though the U.S. is not included. They were assured the buffer stock lives on despite the suspension of the stock manager, Tom Adnan, who is Indonesian, and his deputy, Bolivian Jaime Sueno.

Emphasising the togetherness of the commodity world, the meeting was held yesterday in the International Coffee Organisation's West End office. Present too were Adnan and Sueno. When the Press were invited in afterwards, these two politely declined comment—and expectations that Harold Allen, the Tin Council executive chairman, would expand further on their position were soon dashed.

To add to the general air of mystification, Allen stressed that he personally had ordered the suspensions, and the Tin Council had yet to ratify the step. Meanwhile, Allen has appointed himself buffer stock manager. Coming in as his special adviser is Philip Jevons, managing director of Rudolf Wolff, a ring-dealer on the London Metal Exchange and a man reputed to

have one of the loudest voices in the LME, as befits a seasoned dealer in that noisy environment.

Many questions remain. What is certain is that the buffer stock is under pressure because of falling prices, and a whole new agreement will soon be negotiated. As Allen said, everything could hardly have happened "at a worse time."



GKN on the TV battle

It must be something in the air at GKN, Barrie Heath, who took over as chairman from Sir Raymond Brookes in January, shows all the inclinations of his predecessor to indulge in verbal spitting of the Left in industry affairs. "I'm going to get the company as a whole more politically minded," said Heath, who is having his top 20 executives coached in TV techniques to back up the point. He favours

"individual" rather than "industry" reactions to situations, though there now seems no doubt of GKN's continued participation in the CBI which looked in doubt last year.

Yesterday, Heath was introducing his first set of reports and accounts as chairman, and saying he saw no reason why GKN should not remain a big contributor to the Tories, to whom it gave £35,730 last year. Doubtless that connection was entirely absent from his mind when, talking about who would be braving the TV cameras, he declared: "We Heaths aren't terribly good on the box."

Way into Brazil

The longer Brazil has put it off, the more interested everyone's become," says Ashley Down, a partner in James Capel, the London stockbroker firm. Even now, the date when foreign capital will be allowed on to the country's stock markets has not been fixed, but institutional investors from Europe, America and Japan are gearing up to take part in what is seen as a stable growth economy.

Down's firm has been behind the setting up of a consortium of U.K. and French institutions which is expected to put some £12m. into Brazilian markets. Down, a 36-year-old Australian who started in the securities business as secretary of the Brisbane exchange, arriving at Capel via a New York investment bank, has spent the last two years investigating the prospects in Brazil. Early on Capel linked up with the Banco Bozano Simonsen, which as Down says, "is the equivalent of a U.K. merchant bank plus membership of the Stock Exchange."

Bozano Simonsen was originally 50 per cent owned by Bank of London and South America;

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Observer

The Scottish timebomb ticks away

BY JOE ROGALY



If the rest of us are not careful, Scotland will blow up in our faces. This might sound unnecessarily dramatic. But soft words will not do, since it is almost impossible to convey a proper sense of the importance of what is happening up there to those who have not recently crossed the border—although Southerners who do make the trip are likely to feel so moved that on their return they will find themselves planning a speech and interrupting conversations in an effort to warn as many people as possible of the momentous events that seem to be on the way.

Cornered

For it is in Scotland that the unravelling of British politics might begin. I first began to feel this while sitting, cornered by the red and gold silken banner of international greetings from the Central Council of Hungarian Trade Unions on the one side, and the gold and red silken banner of fraternal greetings from the Soviet Trade Unions on the other—all the while the Scottish TUC whose strenuous listening to the measured, self-confident words of Mr. James Milne, the General Secretary designate of the Scottish Trades Union Congress. A charming Scottish TUC now is the only uncle, he is invariably referred to as "Jimmy Milne-a-Commie" which is undeniably true.

We sat in a committee room high on a hill, overlooking the grey sadness of Glasgow. It is a fertile ground for the left. A recently published report from the Department of the Environment confirms in figures what anyone can see by spending five minutes on the city's streets—that it con-

tains Britain's most awful slums. This leaves most of the worst on standard measures of Mr. Milne. He is clear about of "urban deprivation," like the difficulties in the general overcrowding, or unemployment, he explained, all the more. Many of the famous old trades unions had to do with slums have been knocked down mesh in with the Labour Party's efforts. This time there can be no co-ordination, but from the tower-block slums standing amid the rubble and the thin, poorly dressed children, squabbling in the dirt.

Here there is an endless supply of fuel for the fires of indignation. It is here that you can buy *The Red Paper* on Scotland (a score or so of tired Socialist essays on the failure of the market economy). It is here, in Govan Shipbuilders, or in the new Scottish Daily News or perhaps, in weeks to come in the steel towns roundabout, that collectivism in all shapes and sizes is more than an abstract notion, but rather a feature of everyday life. It would be foolish to overestimate the extent to which it has spread, but it would be even more foolish to avert one's eyes from what is going on.

It was against this background that I listened to Mr. Milne. He spoke mainly about organisational matters: it was, after all, on the other—all the while the Scottish TUC whose strenuous listening to the measured, self-confident words of Mr. James Milne, the General Secretary designate of the Scottish Trades Union Congress. A charming Scottish TUC now is the only uncle, he is invariably referred to as "Jimmy Milne-a-Commie" which is undeniably true.



Glasgow's grey sadness, with Britain's worst slums, old and new, and highest measure of urban deprivation.

workers to the struggle. In the SNP case the difficulty is at the very top, where several of the leaders are personally in favour of membership of the European Community.

Independence

It is plain that the Party is divided on the matter: it has maintained its unity by agreeing to go the nationalist way—and it to campaign vigorously for a "No" vote while keeping open the option of applying for MP for Ayrshire, South, and one Scottish membership once it has won independence. Thus what against the Labour Government the SNP wants is a Scottish "No" and a British "Yes"—and it was put to Mrs. Macdonald that this was a cynical tactic for what was supposed to be an SNP itself. Labour has 40 idealistic party. Her response was a lengthy rationalisation, in the gist of which was that if only Scotland returns a "No" vote by a majority of one-tenth of 1 per cent, the "movement," as she calls it, will have been strengthened beyond all recognition.

I am sure that she is right. In every party and organisation in Scotland there are people preparing to jump on the SNP bandwagon if the referendum goes the nationalist way—and it would not be surprising if men like Mr. Jimmy Shillars, Labour MP for Ayrshire, South, and one Scottish membership once it has won independence. Thus what against the Labour Government the SNP wants is a Scottish "No" and a British "Yes"—and it was put to Mrs. Macdonald that this was a cynical tactic for what was supposed to be an SNP itself. Labour has 40 idealistic party. Her response was a lengthy rationalisation, in the gist of which was that if only Scotland returns a "No" vote by a majority of one-tenth of 1 per cent, the "movement," as she calls it, will have been strengthened beyond all recognition.

Labour Party in October, although the polls suggest that they have fallen back a little since then. The referendum is the Scottish Nationalists' big chance, and they are grabbing it with enthusiasm.

So much for the main forces working for a "No" vote (the rest, including the "Get Britain Out" umbrella organisation, are no more interesting up there than in England). Their opposition is also powerful. The driving force of the "Yes" campaign is a mirror-image of the twin, if opposed, driving forces on the "No" side. For the "Yes" men campaigners include both the anti-Nationalists and those who cannot stomach the Clyde-side-based revolutionary Left. Its leader is the Scottish Labour MP for Greenock, Dr. Dickson Mabon, cheerful and chubby-faced, a long-standing

pro-European and one of the the one put across by Mr. leading lights of the "Mani-festo" group of Labour moderates in Parliament. The campaign is managed by Mr. Donald Hardy, a former Tory candidate, and its many local committees try hard to keep up the all-party image. Dr. Mabon and the other Labour MPs supporting a "Yes" vote are showing a certain amount of political courage by campaigning in the atmosphere of present-day Scotland. Even if they are vindicated by the final count some bitterness is likely to persist. For the anti-market—both main breeds—command most of the emotion in this battle, and it is unlikely to subside even if reason and cold calculation bring the great army of Scottish moderates out to the polling-booths.

I cannot say whether this feeling will persist. Some people in Scotland believe that a speech or two by Mr. William Ross, Secretary of State for Scotland (and both a Wilson man and an anti-Marketeer), will be enough to counteract the effect of Mr. Wilson's presumed grass-roots popularity. Others believe that a combination of the "fear factor"—fear of further unemployment if Britain withdraws from the Community—and the Prime Minister's leadership will swing the vote in Scotland in spite of the formidable forces on the side of the Noes.

Polls

Just how the voting will go is still an open question. System Three Scotland has published the results of four polls in the Glasgow Herald, using quota samples of around 1,000 Scottish voters and a question slightly different from what will appear on the ballot paper. On this basis, 39 per cent of respondents said in February that they would prefer Britain to stay in the Common Market, 45 per cent wanted withdrawal and 26 per cent did not know.

In the latest poll, published last week, the proportion favouring continued membership was 39 per cent, with 38 per cent preferring withdrawal. What is even more interesting than these figures is the reason that almost everyone put forward for the change—the indication by the Prime Minister that he favours a "Yes" vote. This is worth pondering. To London eyes it may be that television performances such as

Courage

It does seem that a lot depends on whether or not Mr. Wilson campaigns with vigour (if he ventures into Scotland itself he will surprise many people up there and display almost as much political courage as Dr. Mabon and his colleagues). If he does, and all the other factors go the right way, Scotland may surprise everyone with a "Yes" vote. The alternative is far more than a mere surprise—a Scottish "No" followed by a convulsion in North-of-the-border politics whose shock waves would take very little time indeed to reach Westminster.

Letters to the Editor

Local authority building

From The President, The National Federation of Building Trade Employers.

Sir—Builders will have read Colin Jones's article on local government spending (May 7) with approval and a wry smile. For years they have been only too conscious of the need for local government for more "financial discipline and an awareness of economic realities." The frequent absence of which has done much to bring chaos to the building scene.

Building benefits from public spending, but when this expenditure becomes out of control, the industry suffers as central and local government administrators plunge from one expediency in economic management to another. Construction is a flexible industry, but is asking too much of it to respond to such rapid and violent changes in policy, such as those experienced in recent years without damaging consequences. As the National Economic Development Office has recently demonstrated, the industry has usually just restored its capacity to meet expanded demand when it is used as an instrument for unweaving the economy. It is impossible to plan with confidence in these conditions.

Local authorities inject another element of uncertainty into the situation. They assume that these difficulties of demand and supply can be overcome simply by setting up their own "do-it-yourself" direct labour departments. Despite the pretence that work is only allocated to these departments where they prove themselves able to compete with building firms, no convincing evidence of this appears in local authority accounts or other documents.

There are obviously many "lame duck" direct labour departments which have to be supported by the rate-payers, because councillors have no idea of the state of their efficiency or because they are reluctant to take the necessary action. Failure to set up a direct labour department is a sign of weakness, but it has brought inflation of building costs and stores up further economic troubles for the future.

This is one area where the central government must act to ensure that resources are used in the most efficient way. Allocation of work between building firms and direct labour departments remains quite arbitrary, with political considerations often favouring the use of direct labour at the expense of the sensible economic decision. The country pays heavily for this system, or lack of a system. Ernest Smith, 82, New Cavendish Street, W.1.

Industrial democracy

From Mr. J. A. Newby.

Sir—Worker participation, industrial democracy—today it is impossible to read a newspaper or listen to a news broadcast without having these expressions thrust at one. Rip Van Winkle, newly awakened, could be excused for assuming that the concept had been discovered in recent months.

deplored. It is to relegate it to being "just another management technique." Whereas, at its most fully developed, it is a style of conducting people's working lives which has brought benefits, not only in the field of human relations, but also in the hard practical area of the profit and loss account.

Participation is not something which can be achieved by an immediate short-term process. It is a long-term process of mutual confidence-building. Participation means the involvement of everyone within a company in the way that company operates. This must include middle managers, technicians, administrative staff, etc.—as well as the senior management and the shop floor workers.

Evidence suggests that the move to a participative form of management takes years, not months, of patient discussions and experimentation in forms of communication, consultation and involvement in decision making.

J. A. Newby, Senior Consultant, P.A. International Management Consultants, 2, Albert Gate, Knightsbridge, S.W.1.

The dollar premium

From Mr. D. E. F. Baldock.

Sir—While I can only applaud Mr. Andrew Hamilton's desire (May 8) to see the rules for the acquisition of foreign residential property by private use reviewed, I find myself unable to agree his conclusions or support his proposal.

The purchase of such property is surely no more penalised by the premium than the one who invests in securities or, even certain categories of direct investment and by the same token the investor in securities who purchased at a low repatriation will similarly gain on repatriation. Mr. Hamilton concludes that the demand for investment currency other than from residential buyers keeps the premium high notwithstanding the supply from sellers capitalising on their low premium purchase. Is it not the case, however, that the supply is small and the evidence that more investors want to get their money out than those who want to get it back in—premium gain or not?

If the Government recognised the special status of private property by relief from the 25 per cent surtax requirement was not in August 1974 but four years earlier on the amalgamation of the investment currency and property currency markets, vide EC81 (Second Issue) Supplement No. 1 effective August 19, 1970. The surtax rule had not applied to property currency and this may have led to the continuing exemption.

In his last paragraph Mr. Hamilton commends reorganising private residential property from the investment currency market but if by this he means restoration of the property currency market then I for one could not give my support. I still have the memory of the night-mare of the "property-dollar" at 70 per cent, and the "investment dollar" at under a tenth of that figure and trying to explain it to a bewildered buyer. Consistently the property dollar was higher than the investment because the turnover in that market was not big enough. I am convinced today that it would be even smaller, thus driving the premium even higher and depriving yet more buyers, and

what about the "unscrambling" to make the new market?

Nor am I convinced that if the U.K. stays in the EEC that this is desirable. It all depends on Government proposals and whether there will be a smooth transition. A situation could arise creating greater anomalies than ever and I question whether what is really needed is a review of the operation of the investment currency market, including the two-tier exchange market alternative.

I believe a special case, in particular to eliminate certain undesirable avoidances and frauds against buyers, can be made out for private home buyers but fear I cannot trespass more on your space to enlarge on the point. Derek E. F. Baldock, Rogers Chapman International, 30, Bimsey Street, W.1.

Investment currency

From the Chairman, Investment and General Management Services.

Sir—Is there not a totally absurd fallacy in the operation of the investment currency market? I refer to shares in investment, that is in shares in overseas companies that have already been subscribed and merely change hands from one U.K. holder to another. In such a transaction there is no movement of currency out of the U.K., no investment in a foreign country. What exactly is the purpose of requiring a seller of such shares to hand over to the Treasury 25 per cent of the investment premium?

Direct investment for example in new issues by foreign companies, might be considered to be in a different category and in this case the requirement to hand

over 25 per cent of the investment premium on a sale might well operate as a disincentive to invest overseas, which is presumably the purpose of the exercise. The present arrangement so far as portfolio investment is concerned would appear to be a bureaucratic nonsense.

Oliver Smedley, Neville House, Wendens Ambro, Saffron Walden, Essex.

Worst of all worlds

From Mr. Peter Blaker, M.P.

Sir—In his letter (May 8) Mr. Douglas Jay's letter (May 8) which should be corrected, as it is potentially of some importance. The European Community were very careful, when negotiating the agreements with the EFTA countries, not to create a free trade area between the two groups. The agreements were all bilateral and required a lot of arguing before the rules of origin could later be changed to permit components originating in one EFTA country to count as non-foreign when incorporated in a product exported to the Community from another EFTA country. The Community has a theological horror of participation in anything that can be called a "free trade area."

It is that, rather than any retaliation against the departing British, which would put the revived pipe dream of a Western European free trade area quite out of the question as part of a post-withdrawal scenario. And it is fear of the Community itself degenerating into a free trade area which could well hinder even a bilateral free trade agreement with Britain, even if, as some say, the Community might lose trade by it. Neville March Hunninga, 43, Fleet Street, E.C.4.

Facts about deep-sea mining

From the Technical Controller, Consolidated Gold Fields.

Sir—The figures quoted by Malcolm Rutherford (May 1) are hopelessly misleading and give a grossly exaggerated impression of the potential production from manganese nodules. They were taken from Evan Luard's book, who in turn quoted them from a 1959 publication by John L. Mero. It is time that these 16-year-old estimates were refuted.

Mero's estimate was based on 39 photographs and 72 samples, probably covering a total area of less than 100 square metres, with an average concentration of 11.2 kilograms per square metre, which he assumed would be the same for the whole 154m square kilometres of the Pacific Ocean to give a total of 1,656,000 tonnes nodules. At the time his figures served as a useful target and did much to encourage further research.

That purpose has passed, and we now know a lot more about nodules. In much of the Pacific there are none or very few; in other areas sea-floor topography will make mining difficult (if not impossible); in some areas the concentration of nodules or their grade will be too low to be economic and no mining method is likely to recover all the nodules. The 101 sites considered by Mero were undoubtedly biased towards areas containing nodules since data on barren sites was not published. Also the idea that nodules are growing at a rapid rate, and therefore can be considered an infinite resource, is based on the flimsiest of evidence; moreover, it appears that

the faster they grow the lower their content of valuable metals.

What then are the facts? There is only one part of the Pacific, with an area of about 4m square kilometres or about 2.5 per cent of the total, where nodules have been found in sufficient concentration and at a grade likely to be economic for very many decades. While this area might contain about 40bn. tonnes, it is doubtful if more than about 5bn. tonnes would be recovered into a processing plant as allowance must be made for such factors as unminable areas, mining efficiency and the percentage of the area that can be covered without the unit traversing previously mined areas—remembering that the depth of water is about three miles. From this amount of nodules it might be possible to recover about 50m tonnes of nickel, 40m tonnes of copper and 4m tonnes of cobalt. It might also be possible to recover about 1bn. tonnes of manganese, but only one of the consortia now investigating the problems appears to consider this economic. For many decades, nodules will have to compete with land-based sources of these metals.

The above production would be sufficient, at the 1972-73 rate of consumption, to provide the world's requirements of nickel for about 100 years, copper for about 200 years, and cobalt (if it were recovered) for about 150 years. Consumption of these metals, however, will increase (consumption of all of them has more than doubled in the past 20 years). Perhaps towards the end of this century, nodules

might be mined at a rate that could be producing around half the world's requirements at that time of nickel, 75 per cent of the cobalt and 5 per cent of the copper. If production of nodules then expanded to meet these percentages of world requirements, the above area of the Pacific would be exhausted by the middle of the 21st century.

If we want to speculate further, it appears (on the basis of information now available) that it would then be necessary to mine nodules with significantly less nickel and copper content, but higher cobalt content. Mining of nodules is unlikely to be at a faster rate than required to meet the world's demands of either nickel, or copper, or cobalt so, if the ratio of cobalt to nickel and copper remains low, only a small proportion of the world's requirements of nickel and copper would come from such nodules—unless, of course, the price of nickel and copper then justified mining them for these metals only.

Between them, Mero and UNCTAD have already published sufficient exaggerated forecasts of potential production from nodules and how it could displace land-based production.

This has caused present producers—particularly those in the developing world—to fear the effect of nodules mining on their economies. This has been by no means an insignificant factor in causing the disappointing outcome of the UN Law of the Sea Conference.

A. G. Moncrieff, 49, Moorgate, E.C.2.

GENERAL

The Queen and Duke of Edinburgh return from State visit to Japan.

European Central Bankers end two-day monthly meeting, Basle.

CBI industrial trends survey for April.

Reserved judgment in High Court case to decide whether H. P. Bulmer and Shoverings may continue to use description "champagne".

PARLIAMENTARY BUSINESS

House of Commons: Child Benefit Bill, second reading; Referendum Order; House of Lords: Salmon and

To-day's Events

Freshwater Fisheries Bill, second reading; Referendum Order 1973: International Road Haulage Permits Bill, committee: Prevention of Terrorism (Temporary Provisions) Act 1974 (Continuance) Order 1975; Air Travel Reserve Fund Bill, committee: Administration of Justice (Northern Ireland) Order.

COMPANY RESULTS

Richard Costain (full year); First National Finance Corporation (full year).

Ranks Hovis McDougall (half-year).

COMPANY MEETINGS

American Trust, Edinburgh, 11.20.

Cape Industries, Grosvenor House, W.1, 12.

Cory (Horace), 13, St. Helen's Place, E.C.12.

Eibar Industrial, 20, Aldermanbury, E.C.3.

Scottish Widows Fund and Life Assurance Society, Edinburgh, 2.

Trade Indemnity, 1, Underhill, E.C.12.

Unilever, Plasterers' Hall, London Wall, E.C.11.

United Biscuits, Edinburgh, 12.

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"We have come through with flying colours. We shall do so again"

Mr Barrie Heath OBE, Group Chairman



GKN AT RECORD LEVELS

	1974	1973
Turnover	£1,188m	£819m
Surplus on trading	£102.4m	£69.6m
Surplus to turnover	9%	8.5%
Profit before tax	£90.4m	£70.6m
Earnings per £1 ordinary share	36.4p*	27.2p
Earnings on net assets employed	18.6%	16.3%

GKN OUR BUSINESS

Sales (including intra-group)	£m	%
Primary metal products	185	15
Automotive components	456	36
Distribution and services	269	21
General and civil engineering products and services	353	28
Total	1266	100

GKN WORLD WIDE

The number of persons employed in the GKN Group at 28th December, 1974 was as follows:

United Kingdom	84,832
Europe	15,392
Asia	14,290
Australasia	909
Africa	3,837
America	1,080

World total 120,340

Trading Results

In the United Kingdom high demand for most Group products and services persisted until towards the end of the year. Sales were higher in all the major product areas, assisted by a significant increase in exports of both steel and automotive products.

Overseas operations showed a sales increase from £240 million to £334 million.

Ten Year Development

In 1974 Sir Raymond Brookes was Group Chairman. He held this appointment for almost ten years, a decade in which the size and business of the Group developed immensely.

Over those ten years capital invested rose from £199 million to £350 million; sales turnover from £353 million to £1,188 million and profit before tax from £30 million to £90 million.

This is a truly remarkable record which bears testimony to the exceptional quality of Sir Raymond's leadership and his total dedication of purpose to the interests of GKN and its employees.

*On the share capital before the rights issue.

Exports

Exports from the United Kingdom reached the record figure of £107 million; those to the EEC increased substantially, from £18 million to £30 million. In addition there were many millions of pounds of indirect exports. For export achievement two Group divisions won the Queen's Award to Industry.

European Economic Community

The advantages that accrue to GKN through membership of the EEC are very wide indeed — advantages that will flow to all our employees, our shareholders and our customers. It represents not only the largest, but the fastest-growing, market for GKN exports.

Any withdrawal from the EEC by this country would not only be detrimental to GKN, but would have a highly destructive effect on the whole of the British engineering industry.

Capital Investment

During 1974, the Group spent £51 million on capital projects, against £28 million in 1973. In 1975 we intend to spend more than £53 million on our United Kingdom developments and a further £14 million overseas, of which £8 million will be spent on European projects.

Prospects and Dividends for 1975

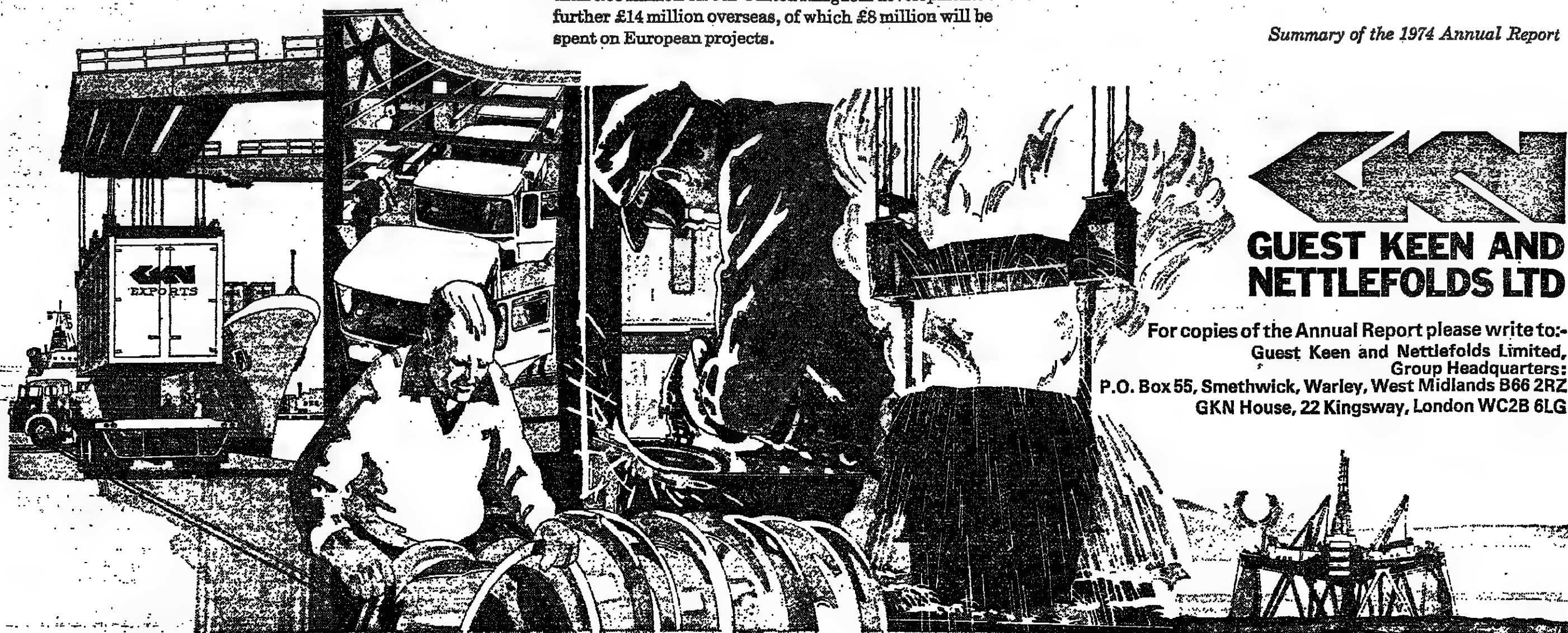
Increasing inflation, price controls, a weak balance of payments, unofficial militant industrial action, energy crises and the threat of war in distant lands... this is the background against which chairmen these days must take a view of the future. Against this formidable picture, however, GKN is in good shape.

Having regard to the trading performance in the early months of 1975, the indication is that the results for the year as a whole should be satisfactory, although it is not expected that 1975 will equal the exceptionally good performance of 1974.

The Group has a progressive historical dividend record and a stated aim, legislation permitting, to maintain dividend increases at least in line with inflation. Given satisfactory results, the 1975 dividend payment will be consistent with the past record and with this aim.

The coming year will be far from easy but GKN has seen difficult times in the past and yet, with the outstanding support and help of all our employees, we have come through with flying colours. We shall do so again!

Summary of the 1974 Annual Report



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COMPANY NEWS

Commercial Union ahead Portals turns in first quarter

in first quarter

peak £4.25m.

ESTIMATED 1975 first quarter soon as a more balanced taxable profits of Commercial Union Assurance amounted to £11.8m, compared with £3m for the same 1974 period, with stated earnings per 25p share of 2.05p against 2.05p.

The directors again emphasise that first quarter results cannot be taken as a guide for the year as a whole. For all 1974 profit was £50.1m, and earnings 12.36p per share.

Brixton Estate scrip

IN ADDITION to lifting the net dividend total from 1.65p to 1.78p per 25p share for 1974—1.78p, the directors of Brixton Estate are proposing a scrip issue to holders registered July 1.

And chairman Mr. Michael Verney says it is expected, barring unforeseen circumstances and subject to Government policy to maintain the present dividend rate for 1975 on the increased capital.

Net profit for 1974 is shown at £897,000, against £908,000, after tax and charging outgoings on current U.K. developments £888,000 (£504,000) and miscellaneous capital expenditure of £28,000 (nil), and after a transfer from capital reserve of £28,000 (£302,000) equal to the net profit for 1974 and other outgoings on these developments and the miscellaneous capital expenditure written off.

Mr. Verney reports that, despite the freeze on business rents and high interest rates, gross profit excluding dealing profit increased by £33,000 (11 per cent.). Had there been no rent freeze, this figure would have risen by a further £253,000, he says.

He adds that the "flood of anti property legislation" in 1974 has made the further expansion of the U.K. development programme less attractive for the time being. There are signs of some rethinking of Government policy and the removal of the freeze on commercial rents in December last was a "welcome" indication of this.

For the moment, therefore, much of the Board's effort is being concentrated abroad and Brixton is well placed to take advantage of opportunities which arise. A number of "interesting" schemes are being investigated at the present time the group has sufficient funds available to cover all present development commitments, says the chairman.

Statement, Page 21 See Lex

Thornbers back in profit

For 1974 a pre-tax profit of £130,000 is reported by Thornbers Holdings, a subsidiary of Portals, compared with a loss of £789,144 for the previous 18 months.

The dividend is 0.66p per 10p share. There was no payment in each of the last three financial periods.

Tax takes £18,750 (nil) and there is an extraordinary debit of £11,960 (credit £11,333). The Board says it is still its intention to find suitable opportunities for new investments, as

combination of the rent freeze relaxation and impending reversions will offset a flat market property. But the emphasis in the development programme is now swinging away from the U.K. and about half the £10m. invested in 1974 went overseas. Despite an unchanged share price last night at 95p, the brokers still like Brixton's estimated discount on net asset value of around a fifth. The yield is 2.5 per cent.

Hestair plans big advance

DESPITE economic conditions, Hestair, the specialist vehicle, agricultural engineering toy and leisure group, is budgeting for a further substantial year-end increase over the record £2m. pre-tax profit earned in the 12 months to January 31, 1975, reports chairman Mr. D. Hargreaves.

The company is ahead after the first three months but, as usual, the second half is much the more important. There will be benefits from reduced interest rates. The chairman reports that the overall borrowing position continues to improve and at the end of the first quarter overdrafts were a "shade lower" than at the year-end, despite the fact that the company is moving towards its seasonal peak. If this progress is maintained the year-end position "will be much improved," he adds.

Mr. Hargreaves says the surge in Middle East work has been of particular benefit to the group's three specialist vehicle companies—"whose order books and profitabilities have been considerably improved." This is a trend which should be continued, he adds.

Sundry income includes £233,000 profit on a joint property development in Ashford, Kent, on a freehold originally owned by Stanley (Ashford). The directors intend to exercise options which will bring in further profits of £233,000 in each of the next two years.

Meeting, Savoy Hotel, W.C., on June 3, at noon.

Chairman's statement, Page 21

Bishopsgate Trust

Stated earnings per 35p share of Bishopsgate Trust slipped from 4.11p to 4.11p for the year in March 31, 1975. The net dividend is again 4p—the final recommendation is 2.6p.

Pre-tax revenue for the year amounted to £572,507 against £602,536 and after tax £208,207 (£215,778) the net balance fell from £386,778 to £343,300.

Net asset value per share is shown at 142p, compared with 162p.

Middle East, which may test the strength of the group's balance sheet. Net borrowings of £2.4m at the end of 1973 compared with £1.1m at the end of 1972. Some 60 per cent. of sales and about 56 per cent. of profits originate overseas, which is recognised in a yield of 6.2 per cent. at 125p

Second half recovery at Foster

TRADING profit, before tax of Foster Brothers Clothing, although down by £225,000, 25p, from the year to Feb. 28, 1975, reflects the expected second half recovery—profit was showing a drop of £412,000 at half-way.

A final dividend of 1.3875p per 25p share lifts the total from 1.965p to a maximum permitted 2.1375p.

The directors say that despite a reasonably satisfactory "improvement in turnover, the permitted profit margin was not sufficient to withstand the upsurge in overheads, and for the first time in seven years the group experienced a modest setback in earnings—net profit was down from £1.56m. to £1.42m.

Turnover in the Stone-Driv Group acquired in September 1973, now moving ahead satisfactorily while stocks carried in that subsidiary are less than half those a year ago—a healthy pointer for the future."

Opening of additional branches has proceeded much in line with the planned programme, and at present the group has 876 outlets in operation.

The directors report that the new store in London has opened well, with turnover increases for March and April considerably greater than in corresponding months in any previous year.

Provided there is no further tinkering in retailers' affairs and pre-supposing there is some reasonable stability in retail conditions as a whole, then the Group looks forward to a promising year, with worthwhile improvement in the resultant profit," they add.

1974-75 1973-74

£m. £m.

Trading profit 1,562,500 1,420,000

Surplus on profit sales 108,318 108,318

Profit before tax 1,670,818 1,528,318

Taxation 2,451,701 1,382,972

Profit balance 1,450,644 1,605,346

• comment

Portals are 9 per cent. ahead pre-tax, which is exactly in line with growth shown at the interim stage. The group is happy enough about its performance side, where accelerating profits growth is an indication of the demand for bank note and security papers and where a 25 per cent. capacity extension, at a cost of £2.5m, is currently under construction. Prospects for water treatment are less bright, however, and a deterioration in the intake of orders, particularly in Europe, could begin to make its mark on profits in 1975. The aim, then, is for a rapid build-up in the

• comment

Foster Brothers is 61 per cent. down pre-tax. But that masks second half growth of one-tenth on a sales gain of 36 per cent., and since February Foster reckons to have continued to trade buoyantly. In shirts and knitwear, especially, group volume is "well up" right into May which explains the confident forecast of higher profits this year. Other reasons cited in the continued integration of Stone-Driv, a carefully tended group balance sheet and Foster's orientation towards low price ranges. At 42p yield is 5 per cent. and covered more than three times.

• comment

There are indications that Mr. Rowland may have been willing to sell the whole of KV, but Meyer, if it had bought control, would then have to consolidate KV's liabilities which would have exaggerated its already highly geared situation. Nonetheless, Mr. Peter Meyer admitted that it was "obviously" possible that Meyer might want to buy the remaining shares at some time in the future.

Pre-tax profits of KV in the year to March 31, 1974—which was a good year for the industry—were £1.6m, and net tangible assets at that date were £4.91m.

Mr. Meyer stressed that Meyer would leave the management of KV to its present executive director, however, it will have equal representation with Venesta International on the KV Board.

BID FOR VASSEUR SOUTH AFRICA

The Johannesburg Stock Exchange has been asked to sanction a bid by Vasseur South Africa for shares in Vasseur and Co. The Committee will study the application this week.

The U.K. parent owns about 47.97 per cent. (1,789,850 shares) of the issued Ordinary and all the 6.5 per cent. Preference shares (£80,000).

CHARTERHALL WHINSPIKEN Charterhall Financial Holdings is acquiring from Whinspiken Investments 6,000 shares of £1 in the capital of CCP North Sea Associates, for £150,000, satisfied by the issue to Whinspiken of 373,000 shares of Charterhall taken at 40p per share.

As a result of this transaction Charterhall's interest in CCP increases from 34.88 per cent. to 35.68 per cent.

MIDLAND-YORKS

The value of each Midland Yorkshire Holdings share in Crada International is 741p, while may be compared with the 420p which Crada is offering. It is stated by MVI chairman Mr. Eric Wallgrove, in a renewal of "Crada's" offer, following extension of the bid.

MINING NEWS

More money sought for Greenvale nickel

BY LESLIE PARKER, MINING EDITOR

WITH PRODUCTION of nickel oxide at the big Greenvale lateritic mine in Queensland now approaching 60 per cent. of capacity a determined effort is being made to arrange additional financing to complete the project, according to Mr. Richard C. Wells president of America's Freeport Minerals Exploration.

Since January, the first full start-up month, output has been increasing steadily although serious mechanical difficulties have occurred. These difficulties along with others caused by flooding, strikes, inflation and upward revaluation of the Australian dollar during the construction period have swollen the estimated final cost to more than the \$US360m. (£155.3m.) of financing arranged.

A plan is now being discussed whereby Freeport would supply an additional \$US10.8m. (£4.66m.) amount providing certain interest and repayments can be rescheduled. Mr. Wells is hopeful that such discussions will be successful.

Lower costs

In spite of quadrupled costs for oil and a 125 per cent. rise in Australian wages since the project was launched at end-1971, Greenvale operating costs should be lower than those at future nickel mines and plants which will be constructed under even further inflationary conditions. Nickel, an important base metal and a demand for it should continue to increase," he concluded.

In Melbourne Metals Exploration, he said that it was negotiating to raise a £10m. loan which would be advanced to the joint venture as an unsecured interest-bearing loan repayable from projected cash flow. It was considered that this fresh capital injection should enable Greenvale to become self-supporting, the company said. Metals Exploration were unchanged at 40p yesterday.

SUPPORT PRICE FOR GOLD?

An Australian Government support price for gold is advocated by Western Australia's Mines

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Minister Mr. Andrew Menzies, our Perth correspondent reports that the problem of capital for now under the control of 1,000 striking workers. According to the country national newspaper, the Perth Courier, reports the riotous behaviour of the miners in the mine's offices although neither Government nor police spokesmen were available to comment on the story. The shares fell 4p to 106

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FINANCIAL TIMES SURVEY

Tuesday May 13 1975

Engineering Insurance

With a history going back to the need to insure steam boilers in the middle of the last century, the industry's distinguishing feature is its technical service, which accounts for a large part of the premiums. Soaring costs could lead to inflation-linked contracts becoming more common.

Making the factory safer

THE ORIGINS of this branch of the insurance industry go back to the first half of the last century and reflect industrial development of that era. The advent of the steam engine gave the industrial revolution the impetus to take off, but there were some tragic side effects. The growing demand for higher working pressures for steam engines and boilers outstripped the then ability of engineers to meet the demand safely. The first half of the nineteenth century saw an increasing number of boiler explosions often accompanied by high loss of human life.

At the time boilers were often poorly designed and built, frequently overworked, deterioration in service went unchecked, while attendants were generally untrained and were sometimes raw youths. An explosion did not call for Government action unless there were deaths and even then the investigation did not go beyond a Coroner's enquiry.

Such was the state of affairs when in 1854 a group of leading engineers and mill-owners met in Manchester to form some

organisation that could deal with the problem and ensure as far as possible the safe operation of boilers and kindred plant. From the efforts of these enlightened pioneers arose the Manchester Steam Users' Association, the initial body in the field of engineering inspection. This establishment was the first decisive step in the development of the modern system of engineering and plant inspection.

The primary objects of the Association were, first, to examine periodically steam boilers, safety valves, feed apparatus and other parts on which safety depended. Secondly, to keep various records of engine performance including indicator diagrams and noting of fuel consumption. Thus the emphasis was on safety and engine economy.

The element of insurance did not enter into the early activities of the Association. If a boiler exploded the owner was not entitled to any pecuniary compensation. But at this time the public were beginning to appreciate the benefits of insurance protection against loss from accidents. So it was natural that the question of supplementing boiler inspection by insurance provision came to be considered.

To-day the insurance principle is accepted without question. However carefully a boiler is tested there always remains the possibility that some inherent defect may escape detection and ultimately lead to an explosion. There is also the human factor operating in accidents over which the inspection organisation has only limited control. Yet at the outset opinions in this association were sharply divided.

While some members argued that inspection and insurance were complementary, the accepted view to-day, others considered that the provision of insurance would encourage owners to neglect safety inspections and precautions. The majority of the Association members were against the provision of insurance, but some leading members broke away and made their own arrangements to set up a company offering this type of insurance protection. It was an immediate success.

The distinguishing feature of engineering insurance from other branches of the industry is the technical service provided which incidentally accounts for a large portion of the premiums. Facilities are given to the insurance company's inspectors to carry out the various periodical examinations which are designed to ensure as far as possible the safe operation of the plant. This of course is in the joint interests of the owners and the insurers.

But the inspections go further than these periodic visits. The initial inspections of boilers and some other kinds of plant are particularly comprehensive and often before approval can be given recommendation may be made regarding repairs and changes. Subsequent inspections are made at regular intervals to ensure maintenance of the requisite standards. This procedure was instituted by the Association at the time of its formation. While there have been many modifications arising from the developments in engineering plant, the broad principles established over a century ago remain unchanged.

At the start these inspections were on a voluntary basis, but as a result of the activities of the inspecting organisation, the public became slowly interested in safety and prevention. After some unsuccessful attempts at introducing legislation on the subject, the Boiler Explosion Act of 1882 and 1890 came into being. The Association played a prominent part in framing and pressing for this legislation. These Acts required the notification of explosions of boilers and steam pressure plant to the Board of Trade.

Various Acts have been passed since then, the main one being the Factories Act 1937 laying down various statutory requirements for safety and inspection of various types of plant. Now there is the Health and Safety at Work etc. Act 1974 which came into operation on April 1.

Although the industry is still rather in the dark over the exact workings of this latest legislation, it does put a tremendous responsibility on employers to provide totally safe environment for employees. As such it must involve regular inspection of plant and machinery and here engineering insurance can play a dominating role. The legislation lays down that the inspections have to be carried out by a competent person.

Insurance company surveys are engineers with high qualifications and considerable experience and conform to all legal requirements. They can give advice and recommendations free from any internal pressures that could arise. For instance the repair of a minor defect may be deferred until an urgent export order has been completed.

It also makes sense to combine a legally required inspection with one made for insurance purposes if the latter fulfils the legal requirements. Insurance inspections tend to go even further than the legal requirements. The withholding of insurance cover until certain conditions have been complied with can have a greater effect than a host of laws and regulations.

But as the pattern of industrial development changed with the provision of power, so has the scope and nature of engineering insurance changed. Inspection of steam boilers is now a smaller but still important role. Power is now provided by electricity and turbines, generators, and other electrical power units are more dominant in inspection.

However, engineering insurance has diversified to an extent that could not have been envisaged by the pioneers. Lifts and cranes are an important field for insurance requiring as they do frequent safety inspections. Now a new area has entered into engineering insurance that required a rather different approach—insurance of computers which are treated as part of an employers plant. This trial development changed with the provision of power, so has the scope and nature of engineering insurance changed.

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Another major area in modern engineering insurance is the provision of contractors' work. Although a considerable amount of plant is used in contractors' work, engineering insurance covers not only the plant but the actual work itself. Thus in the building of a bridge, the insurance company would not

only insure the cranes used in the construction but the bridge from the effects of ramping.

This is a departure from the more normal form of engineering insurance which concentrates on giving specialists cover for well definable risks. The usual form is to give insurance for damage to the plant itself, damage to surrounding properties and to third party property. In the future—the cost of which can only be guessed, the damage to the plant, the effect on the employees would however, be covered under employer's liability and injuries to third parties would be covered under public liability. This may sound an inefficient method of insurance but the type of insurance is determined by the inspection requirements. Engineering insurers are, like

other insurers, suffered from the effects of rampant inflation. The cost of inspection of the premiums and inspection costs are inflating at the rate of increase of earnings rather than the cost of living. The cost of plant replacement are rising steadily and insurers are faced with the problem of fixing premium to cover claims that will be made in the future—the cost of which can only be guessed. But insurers in this field have in the past been able to do this by the use of an inflation-linked index. If inflation rises, the cost of insurance follows this practice.

Eric She

Inspectors' key role

MANAGERS at several factories have recently been startled to find a mini-bus loaded with Factory Inspectors arrive at the gates without warning. Then the inspectors have spent the rest of the day using a fine toothcomb technique to establish that the Health and Safety at Work legislation was being properly followed. These official visits which the Health and Safety at Work Act has brought with it is of serious personal injury and months of 1975, some 400

factories have been visited. The new Act provides for a "stop" notice if there is a risk of serious personal injury and months of 1975, some 400 factories have been visited. The new Act provides for a "stop" notice if there is a risk of serious personal injury and months of 1975, some 400 factories have been visited. The new Act provides for a "stop" notice if there is a risk of serious personal injury and months of 1975, some 400 factories have been visited.

all that much. Most of the previous legislation will remain in force for some time. It will be progressively repealed and replaced by legislation made under the new Act and by "approved" codes of practice where appropriate. For engineering companies ever, the inspectors are finding the essential points are that an inspector can issue a "prohibit" notice if there is a risk of serious personal injury and months of 1975, some 400 factories have been visited. The new Act provides for a "stop" notice if there is a risk of serious personal injury and months of 1975, some 400 factories have been visited.

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CONTINUED ON FACING PAGE

Last year Bill Moss lost an arm. You'll never know how much you lost.



Regardless of how profitable your company may be, it's not making as much money as it could. The fact is that every factory and works in Britain is losing large sums of money through injuries at work and damage to premises, plant, machinery and materials.

In many cases the amounts lost are enormous.

But my factory and works are insured.

Of course they are. And it's just as well.

In 1972, the Robens Committee on Health and Safety at Work reported that the NHI service paid out over £200 million as a result of accidents and of diseases contracted at work.

And the amounts paid out by insurance companies for industrial accidents add enormously to this figure.

Nevertheless, the major part of the cost of these accidents is not covered by insurance. These are the operating losses that companies unwittingly incur because of the failure of industry to practise safety and loss control. Every penny of these losses has to be found by you.

How heavy are my operating losses?

Certainly heavier than you think. In fact, the Robens committee suggested that uninsured losses were 6.7 times greater than insured costs. In that case, British industry is probably losing well over £2,000 million a year.

Our research shows that even a safety-conscious company with 1,000 employees could well be throwing over £28,000 down the drain every year.

Is there a way I can reduce my operating losses?

Yes. You can implement a Safety and Loss Control Programme.

The new Health and Safety at Work Act requires you to place more emphasis than before on safety. A Safety and Loss Control Programme enables you to do just that, whilst saving a great deal of money at the same time.

What is Safety and Loss Control?

S&LC is a new management science. It sets out the disciplines necessary to ensure that effective

accident prevention becomes routine in your company.

Amongst other things, it entails identifying and eliminating the hazards which cause injuries to staff and damage to premises, plant and machinery.

How do I organise a S&LC Programme?

General Accident have recently formed a unique unit, the Safety and Loss Control Service, based on our experience as one of Britain's leading authorities on industrial risks.

First, we would conduct a thorough survey of your works, checking safety procedures, compliance with statutory regulations (including the new Health and Safety at Work Act) and plant, machinery and manufacturing processes. In short, we would assess your vulnerability in every conceivable area.

Second, we would submit our confidential report to you. Depending on your own wishes, this would either recommend ways to rectify existing hazards or blueprint a full and continuous Safety and Loss Control Programme.

Third, we could assist you in implementing your S&LC Programme, paying you regular visits to appraise the effectiveness of the Programme, and giving you practical help and expert advice.

Who do I contact?

Write to or phone: Roger Whittle, Safety & Loss Control Service, General Accident Fire & Life Assurance Corporation Limited, 104 Hagley Road, Edgbaston, Birmingham B16 8NR. Tel: 021-455 9971

We'll gladly arrange a presentation for you. It will cost you absolutely nothing to learn how a Safety and Loss Control Programme would have helped Bill Moss's company.

Not to mention Bill Moss.

General Accident

A Safety and Loss Control Programme. Honestly, it's the best policy.

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Managing the risks

CONSULTANTS in this country are hoping that, one day, risk management will become just as much a part of everyday management thinking as such considerations as profitability, productivity, return on capital and labour relations. The one obstacle to achieving this degree of recognition is that the benefits of risk management are often less tangible, though the ideas appear to have caught on rather better in the engineering, chemical and oil industries than in other areas. This probably reflects the fact that these industries rely heavily on sophisticated plant and are often involved in highly delicate processes that can be dangerous and costly. Many companies have now appointed their own risk managers.

Engineering insurance itself consists of two basic components — inspection and the insurance (a company may buy the former on its own but cannot have the latter without the inspection). Risk management consultants take a much broader view. Normally, a major insurance company in this field would send in its inspectors to examine specific parts of a plant; historically, these have been pressure vessels (boilers), lifts and lifting gear and electrical plant, as laid down by the Factories Act. The risk management consultant would, on the other hand, look much further than that into the technical and scientific aspects of the plant and also relate its importance to management in terms of consequential loss. The approach is, in effect, two-pronged: first, the technical aspects and, second, the financial implications.

Where the insurance company engineers have already examined their specific parts of the plant, the consultancy's generated whole new areas of scientists would probably not risk wider variations in temperature, different corrosive powers and higher pressures are just some examples. As for inflation, this has had a stunning effect on insurance costs and some companies have adjusted premiums by as much as three times over the past 12 months. This is widespread in all forms of insurance, of course, owing to the escalation in repair and replacement costs. But on engineering insurance the burden is particularly heavy because it is "labour intensive," with large field forces of qualified engineers. There is some evidence to suggest that while companies are not reducing their cover they are having inspections only as called for by legislation rather than more frequently as before. Quite often the risk management consultant will be employed merely because of the savings he can produce in premium costs. A consultant is not dependent on insurance commissions when reviewing an insurance portfolio and it is quite normal for the savings implemented—either by cutting out duplicate or excessive insurance—to cover the fee.

The introduction of the Health and Safety Act is likely to strengthen the consultant's case even more, since this effectively places vastly more responsibility at the door of the manufacturers. It also places a greatly increased burden on the Government inspectors who before could ignore certain classes of business on the grounds that they were not specified under the various Factories Acts. Now the Act is all-embracing and it is likely to be backed up at some stage with detailed legislation, as in the U.S. where details are broken down to the extent that it is an offence to make ladders from woods other than those specified.

Each company must now lay down its policy on safety and this document must be available to the employees and Government departments alike. In future it will no longer be sufficient to claim after an accident that all "reasonable" precautions were taken or that it was impossible to compete with foreigners if certain costly anti-pollution procedures had been observed.

On the factory floor it may well be a relatively simple task to improve safety measures and install all the appropriate equipment. It is quite another problem for the workers to be persuaded to change their ways, especially if this slows up the flow and payment is by piece-work. As one consultant remarked, "It may be possible for the heathen to be converted, but conditions make it difficult for him to be religious."

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The role of the broker

As in other areas of insurance, there are really two kinds of broker who engage in engineering insurance. There are those which lack any real expertise but just rely on the specialist companies in the field. Apart from the companies (which engage in everything), the latter include names like Ajax (the Lloyd's offshoot in the field), British Engine, National Vulcan and Scottish Boiler. Then there are the larger broking firms which have developed their own expertise in engineering insurance and here there are a number of familiar names like Bain Dawes, C. T. Bowring, Hogg Robinson, Lowndes Lambert, Sedgwick, Forbes and Willis Fisher. There is the usual hostility between the two types of broker because the insurance companies give no extra commission for the quality of service from the expert brokers. This has always been a bone of contention across the broking field and there are arguments from the company side as well.

Another area where the broker is of real importance to the client is in eliminating the duplication of cover and cutting out anomalies. Many companies tend to build up insurance cover gradually over the years and separate their insurance into watertight compartments. This can mean that a client can be covered three times under

different policies for the same risk and the broker's aim is to achieve the maximum integration. Conversely he can also point out where the current dovetailing of policies does not give adequate cover. The information the broker uses to assess this is updated by regular visits in the case of the big brokers whose aim is to insure the client at the least possible cost for maximum cover.

Compulsory

As a recognisable sector, engineering insurance really became established with the Factories Act of 1937 which laid down compulsory inspection for safety reasons of specific plant such as boilers, other types of pressurised vessels and lifting gear. The engineering insurance offices employed engineers to examine factories under the Act and this also gave the insurance brokers the chance to get in to the picture with their own experts. And although most policies were governed by a tariff agreement until four years ago, there had already been effective price competition because of varying discounts for "size." Apart from the statutory inspections, there was also a non-statutory area where risk still existed and brokers were able to recommend cover. This has been of growing importance over the years and the need for blanket cover has been underlined by the Health and Safety Act of 1974 which gives the Government a more open-ended ability to pass additional regulations and for its inspectors to close down plant they believe to be unsafe or defective.

Where, then, does the insurance broker fit in and why should the client not deal direct with one of the companies? There are a number of reasons which the brokers put forward. The main one is that the client receives an independent and impartial assessment of the risks involved. This does not need to be too technical but the broker can tell the client what his view is after an examination and then discuss it with the company's surveyor. The brokers emphasise that whereas the company's surveyor might take a narrow view of what specific risks are involved, the good broker tries to think of everything which might

happen, including consequential loss, and works closely in harmony with other experts in his organisation. Coupled with this is that using a broker gives the client the opportunity to pick and choose in the entire insurance market. The companies vary with their quotes and also in their capacity to underwrite certain risks.

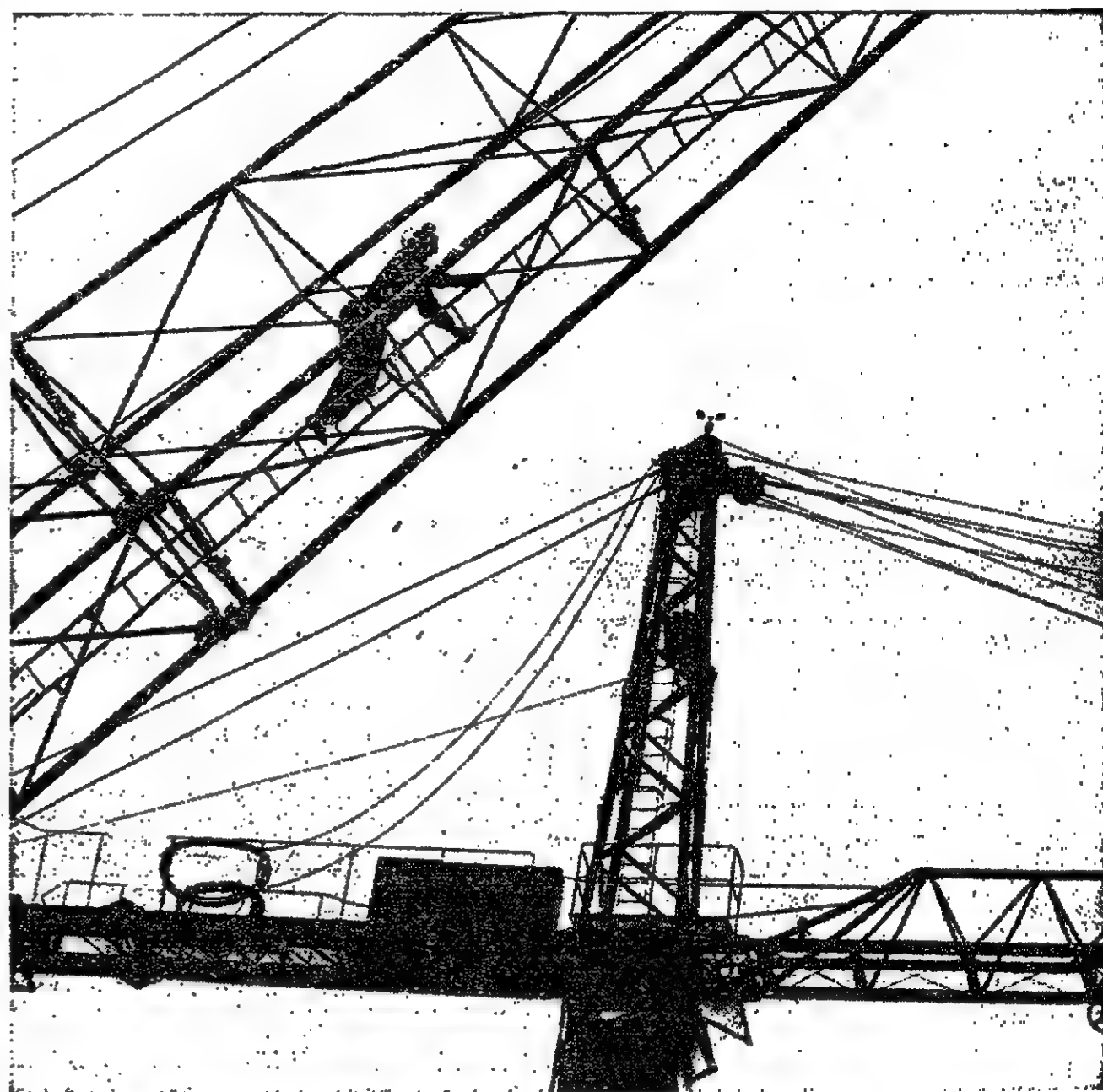
Finally, the insurance broker has a role to play in the identification of risk and how to reduce it—which really spreads over into risk control. Brokers say that companies are becoming more aware of risks than they were a decade ago—especially the fire risk linked to new process or production methods.

Methods

In assessing the contribution of the insurance broker to the engineering insurance business one must admit, however, that the insurance broker is primarily concerned with commission income. In fact one can detect an element of scepticism about the value of risk management (which is primarily concerned with eliminating the risks) even in broking companies which have a risk management arm. The insurance broker with specific expertise in engineering insurance regards himself as an expert because

of his technical knowledge and looks upon "risk management" as "merely what a good insurance broker would do anyway." Insurance brokers also make the point that a great deal of their business vis-a-vis engineering insurance is concerned with reinsurance of overseas risks. There are, however, very few facts and figures on this point. What it does boil down to, however, is that the premium is on brokers who employ the experts able to make technical judgments on modern risks in the widest sense of the "engineering" context and this is where the sheep are sorted from the goats.

Christopher Hill



What's a big insurance company like us doing in a place like this?

We're carrying out an engineering inspection. In fact, it's just one of thousands that the nationwide team of skilled engineers from GRE's Engineering Inspection Service carry out every year.

Each engineer is a specialist in a particular type of plant. And he has the most modern test equipment at his disposal. So we can move quickly when it comes to helping you meet statutory regulations.

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Inspectors

Health and Safety Commission, act mainly as monitors as far as the inspection of engineering equipment is concerned. The Act insists that a thorough inspection is carried out by a "competent" person at a frequency which depends on the type of plant or equipment to be inspected. The HSC inspectors normally check only the documentation to establish that these checks have been carried out as required by law.

There is still no statutory definition of the term "competent person." The competency of a person to carry out particular inspections or tests is a matter of fact on which the occupier of any factory must be satisfied. In the event of legal proceedings it will be necessary to demonstrate to the court that the person chosen was indeed competent for the job in question.

The following unofficial definition of the term "competent person" is often quoted: "The person chosen should have such practical and theoretical knowledge and actual experience of the type of machinery or plant which he has to examine as will enable him to detect defects or weaknesses which it is the purpose of the examination to discover and to assess their importance in relation to the strength and functions of the machinery or plant." So it is not sufficient for the person making examinations to be able to detect faults; he must also, from his knowledge and experience, be able to assess their seriousness.

This does leave the way clear for a company to use one of its employees as an inspector. But there are clear conflicts of interest if this procedure is followed. Apart from the pressures on the employee from his employer, there are also the pressures put on him by the

Keith Lewis

CONTINUED FROM PREVIOUS PAGE

Kenneth Gooding
Industrial Correspondent

	HOTELS—Continued	
1975		City

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WINTER

"Recent Issues" and "Rights" Page 21

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FINANCIAL TIMES

Tuesday May 13 1975

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'Piracy' dispute flares as Khmers seize U.S. ship

BY PAUL LEWIS

THE U.S. was suddenly plunged into a serious dispute with the new Communist regime in Cambodia today when President Ford accused the Cambodians of seizing an American merchant ship—and demanded its immediate return.

Following an emergency meeting of the National Security Council this morning, the White House announced that a Cambodian gunboat had fired at and captured the Mayaguez—a 10,000-ton container carrier—as it was steaming through the Gulf of Thailand.

The President said the action was "piracy" and he warned of "the most serious consequences" if the boat was not freed immediately, along with its 39 American crewmen.

The White House said the Mayaguez was in international waters at the time, some 80 miles off the Cambodian coast, though eight miles from a small rock claimed both by Cambodia and South Vietnam.

Later the White House spokesman confirmed that the boat was carrying civilian cargo on a voyage from Hong Kong to Singapore. He said there were no

military supplies on board and denied that the boat was engaged in any intelligence activity.

He also revealed that a few days ago the Cambodians seized and then released a Panamanian freighter.

Other government sources said that the U.S. carrier Coral Sea had been ordered towards the area following the capture of the Mayaguez, and that reconnaissance planes had been searching for it after it reported the Cambodian attack by radio.

The State Department said that all possible diplomatic channels were being used to establish communications with the new rulers in Phnom Penh, and it seems likely that overtures have been made to the Communist Chinese authorities in Peking.

The Defence Department implicitly ruled out any immediate use of force by saying that the first priority must be the safety of the crew.

On Capitol Hill, the first Congressional reactions called for diplomatic actions to secure the ship's release, though with a dis-

tinct undertone of firmness. No one went so far as Senator Buci, who called for an immediate "clinical strike" against Cambodian harbours and bridges.

But many important figures in both Houses were clearly disturbed by the incident and made clear that the U.S. could not easily tolerate such provocation. Senator Scott, the Republican leader, called the situation "terribly grave", while the chairman of the Senate House Armed Services Committee warned that if diplomacy failed, a more forceful reaction must be considered.

In legal terms, it is unclear whether the President has the authority to retaliate with force against Cambodia, or whether he needs Congressional authority. President Ford has repeatedly argued that as Commander-in-Chief he can order U.S. forces into action to protect American lives and property anywhere in the world.

On the other hand, the Cooper-Church amendment forbids the engagement of U.S. forces in Vietnam, Laos and Cambodia without Congressional authorisation.

But while the law is in doubt, there is no disguising the dilemma that the seizure of the Mayaguez has posed for both the Administration and the Congress. Neither wishes to become embroiled in a new quarrel with Cambodia, let alone another military adventure in South East Asia.

They also remember the so-called Gulf of Tonkin incident, when President Johnson claimed that the North Koreans had attacked U.S. ships off the Vietnam coast and used this as the legal basis for his war in Indochina.

However, both Congress and the administration want to convince the world the U.S. has not abandoned its global influence as a result of the Communist victories in Cambodia and Vietnam.

And to allow the new Cambodian authorities to get away with so blatant a provocation as the seizure of the Mayaguez might be judged an intolerable display of weakness—particularly when the incident so closely resembles the humiliating capture of the U.S. "spy ship" Pueblo by the North Koreans in 1968.

State chairmen set up group

BY KENNETH GOODING

BRITAIN'S NATIONALISED industries' chairmen, concerned about the growing intervention in their operations by successive governments, yesterday set up a new organisation to represent their interests.

The organisation will immediately ask for an early meeting with either the Prime Minister or Mr. Denis Healey, the Chancellor.

But Mr. Richard Marsh, chairman of British Rail, and also of the new group, played down any suggestion that the new organisation—representing industries with a total of 2m. employees—would indulge in power politics.

He said: "There is no question of a confrontation with Government. We just want to start a regular dialogue. We certainly could not threaten the Government, we just want to talk to them."

He maintained the organisation would be "a deliberative body, not a pressure group."

However, there is no doubt that its establishment will be bound to mark a new phase in the relationship between the Whitehall nationalised industry chairmen.

The chairmen obviously feel that their views need to be heard more loudly and more clearly, and the National Economic Development Office or the Confederation of British Industry do not provide the proper platforms for this.

"Nationalised industries have an unequalled right to public comment as long as they stay clear of party politics," declared Mr. Marsh.

High on the agenda at the first meeting with the Government will be discussions about the conflict between the need for nationalised industries to cut manpower and the Government's determination to keep down the rate of unemployment.

The public argument between Secretary for Industry, Mr. Anthony Wedgwood Benn and British Steel Corporation's chairman Sir Monty Finniston which spotlighted this particular conflict.

The key problem, said Mr. Marsh, was how the nationalised industries should, within the statutes laid down by Parliament, cope with the short-term steps taken by governments and ministers. It was not always clear what was expected of the nationalised industries under the terms of the statutes.

The decision to set up the new organisation was taken yesterday at a two-hour meeting of 18 nationalised industries' chairmen or their deputies, including docks, airports, atomic energy, civil aviation, water, railways, freight and transport authorities.

Earlier the chairmen of the "big seven" had held a working lunch.

It was also decided that the new group would be represented at the meeting with Mr. Wilson or Mr. Healey by Mr. Marsh. Sir Monty Finniston, chairman of the British Airways Authority.

THE LEX COLUMN Stable outlook for GKN

Three weeks ago the depreciation of the pound stood at 22.1 per cent; its movement since has prompted the three months inter-bank rate to rise from 9 to 10.5 per cent, including 11 of a point yesterday.

Guest Keen

Although the Guest Keen report confirms that group profits are likely to be lower in 1975, it also implies that the decline may only be of modest proportions. For the group is forecasting a positive cash flow this year, and at the same time is expecting to spend \$87m. on fixed assets. Net cash flow from trading was \$73m. in 1974, and although the stock appreciation allowance will cut the tax bill by roughly \$15m. this time, that saving will be swamped by the rise in net working capital—

which totalled \$327m. at the end of last December. GKN is budgeting for a 2.1 per cent depreciation rate in the U.K. The depreciation element of cash flow will be markedly higher this time, but the group plainly cannot be thinking in terms of much of a shortfall in retentions.

The overseas side, certainly, should be relatively strong; the group reckons the U.K./overseas profits split will return to something like 55/45, as against 64/36 in 1974. U.K. steel, which accounts for maybe a fifth of profits, will obviously be lower. But material shortages sliced the peak off the cycle last year, and GKN sounds reasonably happy about its automotive business.

Meanwhile shareholders' funds after the property revaluation but before the rights issue make up over three-fifths of capital employed. The yield is a couple of points lower than Tubes' at 7 per cent. But the CPP returns are over twice as high, and so is the dividend cover—three times, on an inflation-adjusted basis.

Commercial Union's first

pre-tax advance to 48 per cent, pre-tax advance to £11.8m.—support hopes of a sizeable improvement in the composite sector's profitability in 1975, but also indicate that there is unlikely to be a general underwriting recovery until later in the year. CU's underwriting deficit rose by £3m. to £5.5m. in the first quarter with over half the loss coming from the U.S., and the group's warning about the deterioration in motor bus-

Index rose 6.2 to 339.8

signs of a slowdown. Excluding the associates and Manchester Liners, profits were actually a shade down in the second half thanks to a drop of over two-thirds at Houlder Brothers. Elsewhere, Shaw Savill has been knocked back by losses on passenger liners, which have also been written down by another £1m.

But 1975 has got off to a reasonably steady start, and although Manchester Liners has got labour troubles at present, the North Atlantic container trades seem less vulnerable than most. The balance sheet is as cash rich as ever, and a sizeable capital sum is due any minute now from a London leasehold sale. The source of the overseas buying reported in recent months is still an open question, but it has helped to support a sub-average yield and a market capitalisation of £51m. at 190p.

Philips

Philips' first quarter results show the expected continuation of the declining trend visible through 1974, and earnings are only £15.02 a share, against £15.135 in the same quarter last year and £15.00 in October-December. Sales actually fell 1 per cent, on a year ago despite the inclusion of Magnavox, and components get the blame, together with capital goods. On the other hand consumer product sales have been stable, and there has been growth in the industrial, telecommunication and medical areas.

Philips paints a familiar picture of destocking by the distributive trades throughout Europe, mirrored in the rise in its own inventories from 31 to 38 per cent of sales in the year to March. But from the third quarter onwards the group is projecting a turnaround which could see its volume sales actually 4 per cent better for the year, although the rise is a point less than it was forecasting ahead of the luxury VAT measures in the U.K.

In fact the projected drop in U.K. colour television demand will wipe out all the hoped-for 6 per cent growth in the European market. But this is all fairly familiar cyclical ground, and although earnings this year may well be under half the £15.52 per share of 1973 the recovery enthusiasts were pushing the shares up £14.08 to £15.29 in Amsterdam yesterday.

Of course there are already

Furness Withy

The shipping sector has noticeably underperformed the market since it hit its year's peak back in early March, and so has Furness Withy. But tankers are not a problem for this group, and speculation about the future of the Reiksten interests—estimated at anything up to about an eighth—is starting to rekindle the old bid to start rekindling the old bid.

Last year's profits emerge well up to target with a rise from £12.2m. to £23.1m. before ships disposals, and the year's underwriting deficit rose by £3m. to £5.5m. in the first quarter with over half the loss coming from the U.S., and the group's warning about the deterioration in motor bus-

ness there is ominous for General Accident. CU hopes that the U.S. will begin to pick up in the second half, though there are doubts about the U.K. side's ability to match last year's high level of underwriting profits. Investment income is still rising sharply with a 40 per cent increase at the three-month stage.

The doubt, as with the other composites, is whether the increase in retentions will be sufficient to finance new business: premiums are 19 per cent up after three months, chiefly because of rate increases in North America. This growth is steadily eroding the impact of the solvency margin of last autumn's rights issue and the stock market rise. Projecting the first quarter premium increase for a full year indicates a margin of 33 to 36 per cent, on the end March net worth. This inevitably raises the question of whether a further attempt will be made sometime to broaden the capital base—presumably in this time by an acquisition. At 177p, the yield is 3.9 per cent.

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'Nypro must take some of blame'

BY RAY DAFTER

MANAGEMENT weakness in the Nypro U.K. chemical company were partly responsible for the Filthborough disaster in which 38 men were killed last June, it was alleged yesterday.

This is one of the conclusions of a court of inquiry report into the catastrophe. Although the blast was caused by a "coincidence of unlikely errors," leading to the collapse of a temporary by-pass pipe, the company must accept some degree of responsibility, the report says.

Mr. John Locke, director of the Government's new Health and Safety Executive, said that if the current legislation had

been in force in June the company would have been prosecuted.

The company, he said, had failed to provide an adequate plant in a safe condition. It had also failed to provide necessary information to its employees.

As a result of "the record of management and serious evidence of lack of control and supervision" in connection with the modifications to the plant, the Executive would ensure that any resumption of hazardous chemical processing by Nypro would be subject to the "strictest control."

On Capitol Hill, the first Congressional reactions called for diplomatic actions to secure the ship's release, though with a dis-

tant undertone of firmness. No one went so far as Senator Buci, who called for an immediate "clinical strike" against Cambodian harbours and bridges.

But many important figures in both Houses were clearly disturbed by the incident and made clear that the U.S. could not easily tolerate such provocation. Senator Scott, the Republican leader, called the situation "terribly grave", while the chairman of the Senate House Armed Services Committee warned that if diplomacy failed, a more forceful reaction must be considered.

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They also remember the so-called Gulf of Tonkin incident, when President Johnson claimed that the North Koreans had attacked U.S. ships off the Vietnam coast and used this as the legal basis for his war in Indochina.

However, both Congress and the administration want to convince the world the U.S. has not abandoned its global influence as a result of the Communist victories in Cambodia and Vietnam.

And to allow the new Cambodian authorities to get away with so blatant a provocation as the seizure of the Mayaguez might be judged an intolerable display of weakness—particularly when the incident so closely resembles the humiliating capture of the U.S. "spy ship" Pueblo by the North Koreans in 1968.

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